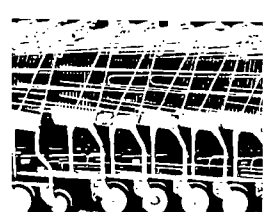
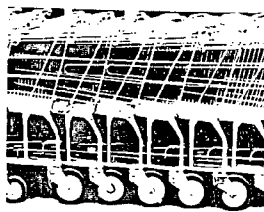
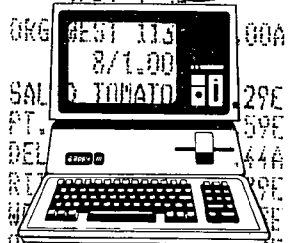


MANAGING THE LARGE FOOD STORE OF THE FUTURE:



THE ROLE OF THE STORE MANAGER OF 1985 AND BEYOND

*An Arthur D. Little, Inc. Study
Produced for the Coca-Cola
Retailing Research Council*



TAB CAKE/F	59E
SUNDR BREAD	79E
PROI	29E
TAB N/P	49E
TAB N/P	49E
CORU TOM	49E
TAB H/E	49E
CE	49E
CONNET TOML	49E
PASTRAMI	34E
COR BR T/S	88A
ORG FIN SWGS	1.39E
FIN SPECIALS	1.49E
DELTA TW	44A
DELTA TWL	44A
CHRIMBER	59A
SVC FL	1.18E
BI PUNPNIKLE	.08E
ORANGE JUICE	.19E
SEAFD	2.89E
ELL AP JOE GL	.29E
MENTON SOUP	53E
25 COE CRIP	1.19E
DELTA TOL	44A
BAKERY	40E
PT. STRAUO	49E
ASPARAGUS	49E
2440	1.59E
ORG	00A
25T 11.3	00A
8/1.00	29E
SAL D TOMATO	29E
PT.	59E
DEL	44A
AL	49E
W	49E
D	49E
507 PADS	1.89A
WB WILD KICE	1.39E
3/1.24	1.39E
UNAD TOMATO	1.19E
SEAFD	6.84E
PT VEG SPRAY	1.69E
WHITE GRAPES	1.74E
2355	1.17LB
1.17LB	1.49
ENLIT BREAKST	1.39E
ENLRY BREAKST	1.29E
PT. LY	1.10E
SA CE	30E
34	34

**MANAGING
THE LARGE
FOOD STORE
OF THE FUTURE:**

The Role of the
Store Manager of 1985
and Beyond

*An Arthur D. Little, Inc. Study
Produced for the Coca-Cola Retailing Research Council*

May 1984

Executive Summary

The emergence of the large, high-volume food store is being paralleled by the development of a new breed of store manager.

These individuals combine the traditional bottom-line accountabilities of a supermarket manager with a new set of duties. This new role has implications for how companies allocate responsibilities to their store managers and how the store managers, in turn, delegate to their store personnel. These store managers of the future require, for many companies, new approaches to recruiting, selection, management development, compensation, and career planning. This enhanced store manager's position also has implications for the organization of both the store and the company.

Defining this role and these implications is the purpose of this report. Produced for the Coca-Cola Retailing Research Council by Arthur D. Little, Inc., Washington, D.C. under the project management of Robert Tomasko, it is based on interviews with high-performing store managers in companies throughout the United States, the views of industry observers, an examination of published studies, and the results of a survey of senior executives in 90 of the largest U.S. food retailing companies. It was also enhanced by the guidance, inputs, and reactions of the retail and wholesale executives who make up the Coca-Cola Retailing Research Council:

James Baska, Executive Vice President
Associated Wholesale Grocers
Kansas City, KS

Harry Beckner, Chief Operating Officer
H. E. Butt Grocery Co.
Corpus Christi, TX

William Brodbeck, President
Brodbeck Enterprises
Platteville, WI

Tom Hairston, President
Tom Thumb Super Markets
Dallas, TX

Timothy Hammonds, Senior Vice President
Food Marketing Institute
Washington, D.C.

Charles Jenkins, Jr., Vice President
Publix Supermarkets
Lakeland, FL

David Jenkins, President
Shaw's Supermarkets
East Bridgewater, MA

Al Marasca, Senior Vice President
Ralph's Grocery Company
Los Angeles, CA

Robin Rosauer
Spokane, WA

Craig Schnuck, President
Schnuck Markets
Bridgeton, MO

Daniel Wegman, President
Wegman's Food Markets
Rochester, NY

Michael Wright, Chairman
Super Valu Stores
Minneapolis, MN

The key findings of this study are:

- The store manager job of the mid-1980s and beyond will be different from what was required to successfully manage many 1960s and 70s supermarkets. The manager will, typically, oversee a store with more customers, higher sales volume, greater product diversity, and more capital investment. Managing this store will involve less of a hands-on approach, with more attention being given to delegation and management-by-exception.
- Along with the need to maintain company standards and store profitability, this manager will have additional key responsibilities -- building and maintaining in store personnel a strong sense of the company's values and beliefs, using automated information systems to develop plans and monitor results, and adapting the store's merchandise and services to the specific needs of its local customer base.
- Companies will find they need to provide greater education and training to these managers and to those potential managers who are moving up in the organization. Their jobs will be training-intensive, more analytical, less seat-of-the-pants. This training will emphasize both the nuts and bolts of management techniques and the development of leadership skills.
- Leadership skills that will help store managers apply their company philosophy to the store's day-to-day routines will be emphasized more in training programs. Store managers will, through example, keep this philosophy alive as an active guide for the store employee's behavior.
- In a period of slower growth, many companies will need to increase their efforts to design programs that recognize and reward the store managers' accomplishments and keep them motivated over the long term. The expanded role of the future store manager will provide more opportunities for job enrichment, creation of alternative career paths, and prevention of burnout.

- Future changes will also require full-fledged managers at the department level in many stores. A careful consideration of the extent that authority and responsibility are decentralized to the store level will also be necessary. In addition, many companies will review the job of the store manager's supervisor and adjust it to the requirements of their new breed of managers.

These changes will affect companies in different ways. And although there has always been a strong need for variation within the food industry, these changes will represent challenges the impact of which all companies will want to consider. This report provides a guide for accomplishing such consideration.

Introduction

"How will the role of the manager of the large-volume food store of 1985 and beyond be different from that of today's supermarket manager? What will this changed role mean for today's supermarket operators?" These were the questions that the Coca-Cola Retailing Research Council asked a research team from Arthur D. Little, Inc. to consider during a seven month project that involved the participation of over 100 executives throughout the U.S. food retailing industry.

This report presents the project's findings. It lays out the predictable characteristics of the future industry environment. It then specifies the aspects of the store manager's job that will need to change to meet these challenges. The implications of this enhanced role are considered within several issues of concern to many industry executives:

- Where will these new store managers be found?
- What criteria should be used to select them?
- How can their managerial skills best be developed?
- How can their contributions be recognized and rewarded?
- What will their companies need to do to keep them motivated over the long term?
- What implications will the store manager's new role have on the organization of the large-volume stores?
- What company-wide organization changes may be necessary to accommodate the store manager of the future?

Of course, the extreme diversity of the food retailing industry means that answers to these questions will vary considerably for each company. Thus, we cannot expect to specify one direction that all successful companies need to take. The intent in this report is to raise issues, suggest alternative ways of dealing with them, and stimulate thinking within your company.

Although this report is directed at a senior executive audience, it should also be of interest to current store managers and to those individuals preparing for a career that may include managing a large-volume food store.

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CHAPTER ONE

MANAGING THE LARGER STORES OF 1985 AND BEYOND

The future store managers are "point men" (or women) for many of the changes in the food retailing industry. They are becoming less like operational supervisors and more like company strategy implementers.

The company's strategy is being implemented in an environment characterized by:

- Dominance of the large-volume food store;
- Relatively slow growth;
- Customer concern for convenience, variety, and price;
- Competition's continual experimentation with format variations within the large store concept;
- Higher education levels and raised expectations of the store's work force;
- Reduced size of the available work force (in many regions).

Because there will be a number of variations in the format of the future store and a range of centralized and decentralized management styles in parent companies, this report focuses on a prototype store with dimensions in these ranges:

- Total Size: 45-100,000 + square feet
- Annual Volume: \$20-75 + million
- Full-time Employment: 50-100 +
- Part-time Employment: 100-200 +

Characteristics of the Prototype Store

In this typical store of the mid 1980s and beyond, as contrasted with a supermarket of the early 1970s:

- The *numbers* will be much *larger*, numbers like volume, customer count, employees, items on the shelves, capital investment. This implies the store managers will not be able to "put their arms around" the details of the operation the way they could when it had 15,000-25,000 square feet of selling space.
- The key *staff* will be much more *expert* in their special areas. The deli manager might have managed a family-owned delicatessen before joining the company; now he finds himself running a department twice the volume of the store he left.

- There will be several *automated management systems*. Scan data from front and back ends, a store-based computer, automatic reordering systems, and an energy control center will provide the store manager with ways to monitor and manage costs that previously were done by trial and error or with considerable application of seat-of-the-pants judgment.
- The store will have an *expanded role* in the *community* it serves. In many smaller communities what was once the corner grocery has grown to be one of the major tax revenue sources and providers of local employment. And the food retailer, through its local ambassador the store manager, is expected to take a more active role in the community than simply sponsoring a Little League team.
- Many *more types of routine purchases will be accommodated*. This expanded diversity of offerings will necessitate both an expansion of the chain's marketing functions and an increased acquisition of merchandising skill.

Store Manager Characteristics

Running a store with these characteristics requires a manager who can maintain company standards and store profits. The manager must be:

- Able to deal with conceptual as well as concrete problems.
- Trained in the management skills needed to oversee and manage the introduction of change in a work force of over 200 people.
- Oriented to long-term strategic performance as well as to overseeing the production of favorable near-term operational results.
- Able to influence both types of results by indirect, as well as hands-on, management techniques.
- Able to trust key subordinates with the delegation of significant responsibility for the store's operational success. These managers will have less of a "mental checklist" mindset; rather than trying to manage every detail, they will set standards, delegate responsibility, and monitor exceptions to the standards.

- Able to assume a major role in planning and implementing training and development programs for all store employees.
- Oriented to the significant and changing local preferences of the store's customer base. The manager must be able to translate this knowledge into recommendations for product selection and merchandising tactics that will make this store as attuned to its immediate market area as many small specialty or convenience stores are.
- Skilled at using the store's computer facilities to monitor and manage worker productivity, reduce energy costs, track and project volume and profit, schedule and enforce employee work hours, and interpret scan data to keep the store in harmony with local customer preferences.
- Experienced in using the store's computer resources, in the more decentralized companies, to plan pricing, space allocation, and product selection decisions.

From Factory Foreman to Plant Manager

In manufacturing industry terms, the store manager's job will have changed from that of *foreman* of a major work crew to *plant manager*. Like plant managers many factors critical to the company's successful economic performance are out of their direct control, but the influence they exert on those factors they do manage can clearly make the difference between a profitable or a nonviable operation.

The next chapter will examine more closely the most significant elements of this new job.

Here are some questions to consider in relation to your own company's situation:

- What will your typical stores of the late 1980's look like? Can they be effectively operated by most of your current store managers?
- How many of your store managers are currently computer-literate or, at least, actively familiar with how to run a personal computer?

CHAPTER TWO

ELEMENTS OF THE NEW JOB

To provide perspective, before suggesting the key elements of the future store manager's job, we have briefly reviewed what has been expected of the manager of the traditional supermarket.

Managing the Traditional Supermarket

By the late 1950s the supermarket format was dominant in U.S. food retailing. The Super Market Institute, concerned about many of the issues reviewed in this report, asked the McMurry Co. to identify what the supermarket manager's job involved, what its best managers were like, and how the job should be changed. Because these job requirements are the baseline from which many of today's and tomorrow's store managers will start, it is worth repeating some of the McMurry findings here. They were first reported in 1960 and 1961. McMurry found the essence of the supermarket manager's job was in six areas:

- Follow company policy;
- Provide good customer relations;
- Operate an efficient, well-organized, and clean store;
- Control, discipline, and motivate the employees;
- Coordinate the activities of all the store's departments;
- Handle the related paperwork.

To do these the store manager had full authority to:

- Hire part-time employees;
- Fire employees as needed below the department head level;
- Schedule the store's workforce;
- Mark down aging perishables;
- Develop special displays;
- Make suggestions to appropriate senior managers about ways to improve the store.

The study also found the manager had no authority in a number of areas. These areas included overall company policy; financial planning; location and construction of the store; equipment purchases and replacement; hiring and firing of department heads,

or decisions regarding their pay and promotion; buying; inventory control; pricing and advertising; customer credit policies; and store hours. These no-authority areas obviously make a longer list than the six points of authority the manager was granted.

This rather constrained role can be labeled the *Hands-On Supervisor*. This label fits well the simpler store manager world of the 1960s and early 1970s.

Contemporary Store Managers

Interviews around the United States with a group of high-performing, high-volume store managers about what their jobs now involve elicited comments such as:

"I run the store as if I own it."

"My main job is to organize. My department heads are competent professionals in their areas. If they know what is expected of them, they'll produce, and without a lot of direct supervision."

"I manage people. Keep the pulse of what the customers want by reading the scanner reports. I treat the department managers as experts -- let them know what kind of gross profit I want in each department. They routinely deliver these results, or they see a lot more of me than they want."

"The greatest danger is when I start to get the urge to do somebody else's job. The store's too big -- I'd go crazy."

"If you train your people well enough, this becomes primarily a monitoring job. The focus is on people, not operations."

Thus today's job can be labeled the *Managerial Delegator*. These managers are taking a longer time horizon as a reference point, becoming more like captains and less like first sergeants. They lead by example, but are still quick to move in when a crisis requires it. They are builders of teams, shapers of

incentives, and managers of managers. Their operating philosophy is "management by exception." They are confident delegators because they have learned to "let go," trust others, and actively solicit their involvement.

The interviews and questionnaire results suggest the core of the future store manager's role will be more in line with the Managerial Delegator function. These individuals will continue to have the ultimate responsibility for what goes on within the store. They will remain accountable for the store's meeting company standards and profit targets. What will change is how these accountabilities are met.

One comment made by an experienced observer of the food retailing industry was echoed in several of the "best and brightest" store manager interviews:

"What has ruined a lot of chains is taking away so much authority that the job is so simple that you only need the mentality of a carry-out boy."

This comment suggests that transforming the traditional supermarket manager's job must be supplemented by changes in traditional company practices if the company is to remain an adaptable economic entity over the long term.

In the future, three distinct roles will be added to the store manager's job.

The Culture Builder

The first of the roles to be added will require the manager to take the lead in shaping the values and standards of the store's employees. The store manager of the future will be a builder of the store's culture. "Culture," now a popular management buzzword, refers to the shared values and beliefs that help tie people together. Store culture exists primarily in the minds of two groups of individuals: those people who work in the store and those who shop in it. Culture building really is largely people building. It involves developing the skills and attitudes of the store employees in a way that reinforces the impression you want your customers to have when they shop the store. A company with a strong culture is able to project this common theme across the range of stores in its chain. It builds strong ties of loyalty to its customers and its employees.

The company's philosophy statement is the core around which the culture should be built. As a culture builder, the store manager must start by being well-trained in the company's philosophy. Managers cannot represent the company to employees and customers if they do not know what it stands for.

Chapter Seven describes in more detail the tools available to help the future store manager create and maintain the store's culture.

The Computer Assisted Analyst

The second added role will be that of Computer-Assisted Analyst. The store manager's tools will change in the future, and so will the potential of the role. As mentioned earlier, many of the aspects of the job that once were done through seat-of-the-pants logic can be done with computer assistance.

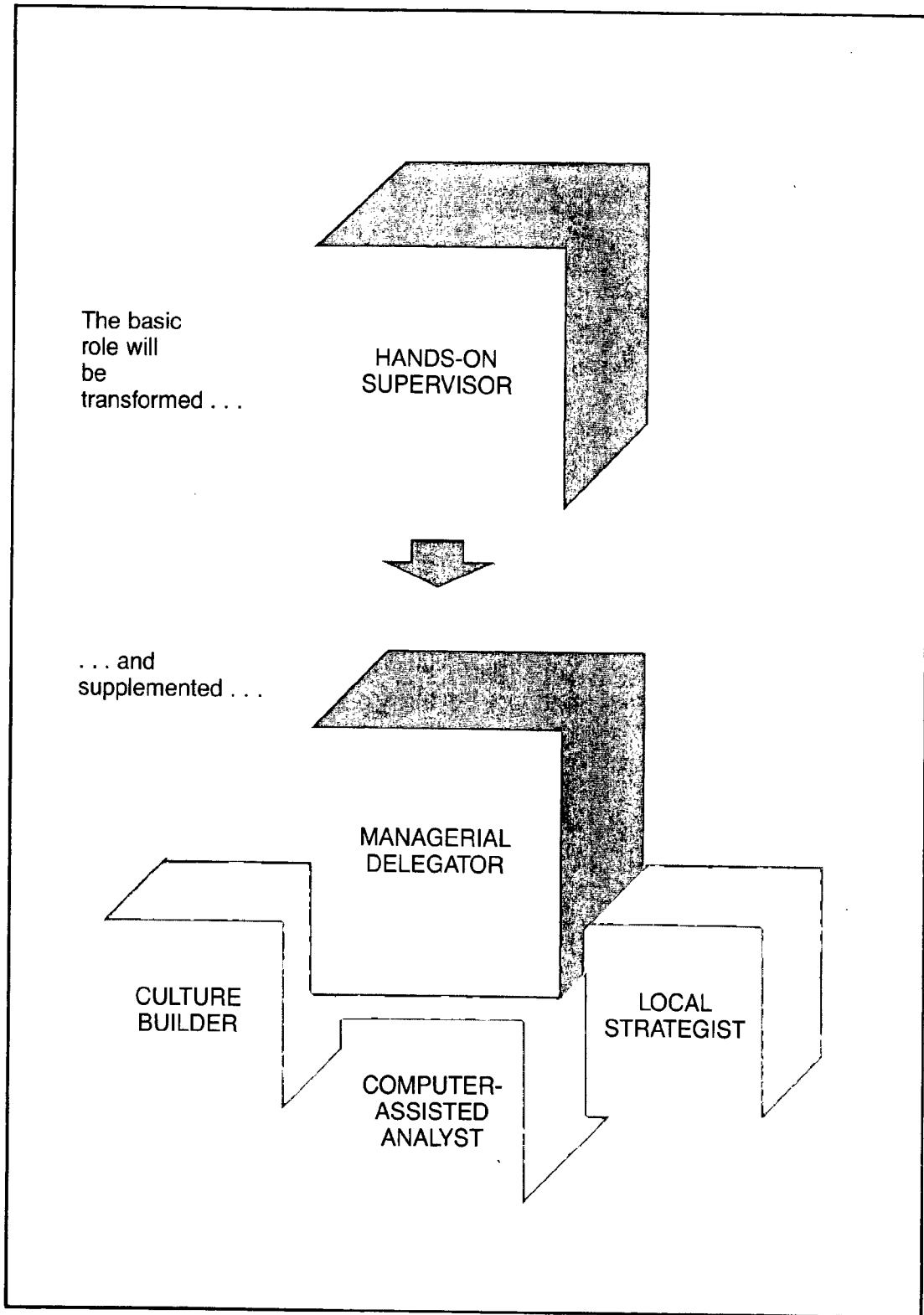
With these newly-developed analytic skills and sensitivities, the store manager can be expected to make a more significant contribution to the company's planning processes. It is not unrealistic to assume that each store manager will be responsible for preparing -- and revising each year -- a one-year operating plan and budget, and a plan for the store that looks eighteen months to two years ahead. Automated support systems will allow monitoring the plan and budget performance on a week-by-week basis.

This plan developed with the manager's supervisor and headquarters staff, will:

- Provide a thrust for the store's role in its local marketplace and among the other stores in its chain;
- Define several key operational objectives for the store, and specify the programs that will satisfy them;
- Outline the store's future human resource requirements, and specify measurable development goals for store employees. This store staff development plan will support the achievement of the store's overall strategy plan.

It will also give some direction to the manager's role as a Culture Builder.

CONTEMPORARY STORE MANAGER



The Local Strategist

A final role we see as important for the future manager is that of the Local Strategist. A key job of the store manager will be to sharpen the company's competitive position by becoming its "manager of local differentiation." What this involves will vary by store location, but generally, this role implies the manager will actively focus the assortment of merchandise and services in the store on the needs and preferences of its particular local market. This role could involve the manager being given limited authority for pricing, merchandise selection, shelf space allocation, and display.

The store manager will need to be *analytically curious* about preferences that become visible in his store's neighborhood. For example, why do customers seem to prefer Product B over Product A when A outsells B in every other store in the company?

In the future role, the store manager will add balance to the centralized economies of scale of the company by keeping it appropriately localized and customer-oriented. Again, the companies that have gotten into the most economic trouble have frequently been those which had become both very large and overly centralized.

These three supplemental roles will obviously reinforce each other. All build upon the major transformation in the store manager's job from Hands-On Supervisor to Managerial Delegator (see illustration). Although all the boxes are shown in the same size, each store will differ in the amount of time the manager devotes to each role. There is no standard pattern appropriate for every store in every competitive situation.

Survey Results

Enhancing the manager's job is dependent on an increase in the number and type of decisions he will be expected to make. The chief executives and senior managers of 52 of the largest U.S. food retailers

responded to a questionnaire survey as part of this study. They were asked to indicate what types of decisions were now being made by their store managers and what decisions they felt could be made in the future. The chart on page 7 gives their responses.

When thinking about your own company situation, you should note that these percentages are industry averages. While they reflect the overall trends, they do not necessarily indicate the decision-making patterns in any one store or company.

One of the chief executive officers surveyed said: "Store managers, in addition to receiving direction and pricing information from headquarters, must be more flexible and more in tune with our competition's pricing strategies. They must be willing and able to recommend occasional price adjustments to meet a competitive situation. Their recommendations will be given very strong consideration."

Another senior executive summed up his views about the future store manager by saying, "A store manager who directs the day-to-day activities of 400 people -- through his department heads -- and whose business volume is about \$30 million annually must be an administrator, not someone who must touch all things and do everything himself."

Decision	Now Made by Store Manager (% of companies)	Could be Made by Future Store Manager (% of companies)
Hiring and firing of part-time employees	61%	35%
Some merchandise selection	54%	61%
Hiring and firing of all but department managers	46%	50%
Some pricing or perishable pricing	36%	60%
Hiring and firing of all employees in the store	31%	42%
All pricing markdowns	25%	44%
Selection of department heads	21%	50%
All merchandise selection	8%	17%
All pricing	6%	17%

(Note: These are percentages of the 52 executives who responded to the survey)

These numbers indicate an overall pattern of increased decision-making authority at the store manager level. The percentage of executives that feel the future store manager will make hiring and firing decisions of part-time employees is the only category that decreases -- most likely because they, increasingly, are expecting this responsibility to be delegated to the department head level within the store.

Some issues to think about in relation to the elements of the store manager of the future's job are:

- If your typical store manager was asked what your company stood for, what do you think he or she would say?
- Has the availability of scanning data altered the way in which your store managers carry out their responsibilities?
- How should your store manager be involved in the planning process?
- What use is made of scan data at the store level in your operation?
- What responsibility for planning is expected of your store managers?
- What do your store managers do to customize the offerings of their stores to fit the local preferences of their customers?
- In what areas do your store managers delegate responsibility to their department heads?

CHAPTER THREE

FINDING AND SELECTING THE STORE MANAGERS OF THE FUTURE

This part of the report is directed at answering two questions:

- Where will future store managers come from?
- What criteria should be used for their selection?

Sources of Future Store Managers

The traditional career path of working up the ranks from bagger or carryout boy appears to have served the industry well. This pattern has worked in many regards, and it is reasonable to expect it to continue. Movement to the future store manager's position, however, will require a different set of selection criteria than has been used in the past.

Because application of these more stringent criteria is likely to reduce the number of internal candidates for store manager positions, many companies will find it useful to broaden the range of people they consider as store manager candidates.

Some companies have had success recruiting from college campuses and using special training programs to get the most promising candidates up to speed quickly in competing for managers' jobs. In fact, not all of these recent college graduate recruits are newcomers to the supermarket industry. Many have already worked for a food retailer part-time while in school; some have received tuition assistance from the retailer. A key issue for many companies in the future will be the increased attention they need to provide in cultivating the interests of their high potential part-timers in a food retailing career.

Another alternative will be training and promoting department managers who came to their jobs with career backgrounds in their specialty outside the company. Also, although not common now, as the job of store manager becomes more professional, there will be tendencies for store managers to change companies more frequently.

Another source will be the ranks of merchandising specialists in division offices and headquarters. The enriched, front-line job of store manager might

appeal to some of these people, who already have backgrounds in marketing and computer utilization.

The changes foreseen in the future store manager's job should also enhance its attractiveness to women. In the past, some companies assumed that women would not want the physical labor involved in the traditional supermarket manager's job. Regardless of the validity of this view, the nature of the store manager's job is changing significantly, and the industry is becoming much more aware that women represent a useful source of talent in what is becoming an increasingly talent-intensive job.

Survey Results

The survey results reinforce these comments about the future sources of candidates for store manager positions. As the chart on page 10 indicates, the 52 chief executives who responded to the survey expect that while the traditional "up-the-ranks" route will provide more than half of the successful candidates for future vacancies, just under half of these jobs will be filled by individuals hired from college into a training program and then quickly advanced. The executives predict that an increasing, but still small, number of new store managers will have backgrounds outside their company or industry.

An Increasingly Attractive Career

As a *New York Times* article (October 5, 1983) suggests, the attractions of a supermarket management career are increasing, and this might well enlarge the pool of bright, young college graduates interested in store management. The article says, "The financial services industries have been attracting flocks of smartly dressed, highly competitive college graduates, all hoping to make money fast, but the better career opportunity these

**WHERE EXECUTIVES PREDICT THE MAJORITY OF MANAGERS
OF THEIR LARGE STORES WILL COME FROM**

	In 1983 They Come From	By 1990 They Will Come From
From the traditional "up-the-ranks" route	94%	65%
From college into a training program and then quickly moved from assistant to store manager	6%	42%
From management jobs in industries outside food retailing	0%	6%
From other retailing chains	10%	13%

This same group of industry executives feel strongly that a minimum requirement of a high school diploma will be essential for future store managers, but 77% of the executives think that a M.B.A. degree will be unimportant or of questionable significance. Two-thirds of them indicate that a B.A. or B.S. degree will be a very important background requirement for the future managers of their larger stores.

One executive commented: "I need people pleasers who are in tune with our customer's daily needs, not managers in the 'Harvard' sense. I see this problem now! My MBA's are dealing with things rather than with customers."

Another said: "Educational level attained is a reasonable screening technique, but a college degree will make the person no brighter and may make him or her less patient to achieve a sound knowledge of the grocery business. However, too long in the trenches can be stultifying."

days could well be with the supermarkets." It suggests that, for a relatively recent college graduate, running a \$25-50 million business is not an unattractive first-career target.

Continued good publicity such as this — coupled with the expanded role of the future store manager — should help increase the industry's applicant flow. But the end of the post-World War II "baby boom" generation's entry into the work force will shrink the overall number of job candidates. Both these dynamics put more pressure on companies to use updated criteria for their employment selection decisions.

Selecting the Store Manager of the Future

The already-mentioned McMurry studies of the early 1960s commented on the characteristics of supermarket managers. They found these seven qualities of good managers:

- They had good personalities, self confidence, and were friendly and stable.
- They got along well with others; they were extroverted and good mixers.
- They had high energy levels, physical drive, and a desire to excel, and they took the initiative.
- They were good disciplinarians: fair and firm. They were able to constructively criticize others.
- They were leaders sufficiently able to give store employees a sense of direction.
- They looked neat and clean.
- They had high moral fiber, with a good home and family life.

Aside from vagueness about what exactly a "good" personality is, these qualities will also be important for the manager of the future. But they are not the entire picture.

Personality Characteristics

Our research suggests the manager of the future high-volume store will have a *different* general set of personality characteristics than those of the traditional supermarket manager:

- More anticipative, less reactive;
- Planners as well as doers;
- More systematic and analytical in their decision-making, less seat-of-the-pants;

- Better delegators, less inclined to do all the work themselves; and
- More creative, less focused on maintaining the routine.

These future store managers will be selected more for their decisiveness, initiative-taking, and leadership qualities and less for their willingness to be in a predictable environment, follow their supervisor's orders, and feel a strong degree of dependence toward their employer. They will be a more aggressive breed than their predecessors. Their sense of self confidence will make it easier for them to take risks.

They will manage by keeping a little more distance between them and their store employees than they used to. They will need to share the limelight for a job well done with their department managers and other key employees. However, they will still need to remain attentive and aware of individual customer situations.

They will also need to be more independent than in the past, less reliant on a highly-structured set of responsibilities set down by their company headquarters. To do so will require a thorough understanding of their company's philosophy. This self-reliance, however, should not stand in the way of their requesting advice and assistance from their supervisors, merchandising experts, and headquarters automation specialists. The increased complexity of the job will make this a necessity.

Selection Criteria

Here are a more detailed set of characteristics to look for when selecting candidates to manage the larger store of the future. They were adapted from a set of dimensions first used by Dr. Harry Levinson in his work with Chief Executive Officers — helping them select future senior managers. The increased scope of tomorrow's store manager job makes them more relevant than they have been.

These characteristics are grouped into four general areas:

- Intellectual characteristics
- Ability to manage relationships
- Behavioral characteristics
- Overall orientation

Intellectual Characteristics

Practical intelligence: “Store smarts” and an ability to learn from experience and past mistakes will remain critical. Store managers will also have to demonstrate an ability to understand and perform well within their company’s culture. Candidates must apply their enthusiasm and intelligence to the particular way that things are done in their company.

Abstract thinking: While it is important they do not lose the sense of concreteness and practicality that the business is built on, they will need an ability to use theories, synthesize facts, and notice patterns in events happening in the store and their marketplace.

Toleration of ambiguity: They will need a greater ability to cope with confusing situations and not get anxious when projects take several months, or years, to complete.

Judgments: The future store managers should be able to understand enough of the big picture so they know when to act, and when to let others deal with a situation.

Ability To Manage Relationships

Authority: They will not feel a need to apologize for being the store’s boss. They will feel confident they are in the right position, and this confidence will be apparent to others in the store.

Sensitivity to others: They will be skilled at reading an individual’s feelings as well as having a continual sense of the “mood” of the store (i.e., a reflection of its culture). Future store managers will be able to cope with these feelings and know how to use their managerial behavior to help change them when appropriate.

Articulate: They will have more “presence” than traditional store managers and be effective communicators with people both individually and in groups.

Behavioral Characteristics

Energetic: These managers will not be office-bound. They will actively attack problems, set well-defined targets for the store’s operations, and continually monitor progress toward achieving them.

Maturity: They will work well both with their managers and with merchandising and distribution experts outside the store.

Independence: They will be able to stand on their own, but not at the expense of being open to information offerings and constructive criticism from those they work for and those who work for them.

Stamina: They will have a high energy level that can be maintained over the long term. Through delegation they will be able to pace themselves to keep from being overtaken by the detail-oriented aspects of the job.

Good sense of humor: They will not take themselves too seriously. They will use humor effectively to ease tensions.

Perseverance: They will follow through and sustain interest in their tasks. They will seem like perpetual optimists.

Well-organized: They will use time well to avoid burnout. They will be able to get necessary information and meet deadlines.

Overall Orientation

Achievement-oriented: They will need to identify strongly with the store and the company and will feel personally proud of their accomplishments. They will have a stronger desire to advance their own careers than many of their predecessors.

Adaptable: They can take sustained pressure, like the immediacy of the store environment, and are able to “roll with the punches.” They have a good vision of both where the store and their career are going.

Integrity and sincerity: There is no question about their honesty and their concern for others and the store. They really care about the store’s customers and the employees’ welfare and it shows.

Social responsibility: They have a good sense of the store's expanded responsibilities in its community and are active implementers of programs to meet these responsibilities. They are able to determine the practical balance between the needs of the community and the company.

These criteria should be useful when comparing alternative candidates for store management positions.

The Selection Process

The greater investment in training necessary for the managers of the future, coupled with their broader managerial accountabilities and greater potential for harm to the company if they fail, makes the selection process more critical than in the past. For this reason, more companies will make use of deliberate selection processes, such as assessment centers. Assessment centers, either formal or informal, are useful in helping to select the chain's future managers when it involves a group of the current high performing store managers doing the actual assessing.

Assessment centers are not appropriate for all companies. Some companies will only adapt some of the assessment center's features (a simulated work environment, multiple reviewers, comprehensive selection criteria, etc.) to their existing selection procedures. Furthermore, many companies will train current store managers to spot future talent and to provide these potential managers with the mentoring and practical training they will need to develop.

Assessment centers, while important, need to be supplemented by *multiple* selection interviews, each focusing on applying a company-specific version of these 18 criteria to the analysis of a store manager candidate's record. To the extent the record has occurred primarily in your own company, it is even more important to get several fixes on the candidate.

Use of Training To Confirm Selection Decisions

The next chapter describes some of the training that will be necessary for the future store manager. The

training and selection process work hand-in-hand. A *training sequence* for future store managers recruited from colleges or those being developed within the organization provides a number of points at which deliberate *selection* decisions can be made.

These questions will help review the material in this chapter:

- Will current sources of potential store managers provide you with enough high-potential candidates for future vacancies?
- Has your company moved far enough in reflecting the changing requirements for store management in your selection criteria?

CHAPTER FOUR

DEVELOPING THE STORE MANAGER'S SKILLS

The enhanced role of the future store manager will have two key implications for the training required to prepare them for their job: more training will be needed, and it will cover leadership development as well as management techniques.

More Training Intensive

The job of the future store manager will be much more training-intensive than was required for a supermarket manager. Many current managers will not be able to just evolve into the job of future store manager; they will require specialized training. Therefore, some larger chains will need to expand the role and budgets of their training operations. Other companies will need to add training operations, and smaller ones will increasingly use outside resources.

At the top of the training list is instruction in *how to properly delegate*. Which responsibilities can be assigned to department managers and other store personnel? Which cannot? How can an "operating detail" orientation be instilled in department managers while the store manager "manages by exception"?

High on the list of additional knowledge requirements of the already-well-performing store managers interviewed is *computer literacy*. All indicated they need more support in this area from their companies. Until this knowledge is acquired, it will be difficult for the managers to cope effectively with the large quantities of information generated by the scan equipment.

Another key training topic that has relevance to almost all store managers is teaching techniques of *productivity improvement*. Store managers will need to be familiar with the most current techniques so they can measure work force productivity and the alternatives available to keep it growing. Although use of computers will be helpful in this area, the key to productivity improvement will be the store manager's human relations skills. In large labor-intensive operations, the ability of the manager in charge to build trust with the work force and create an atmosphere where problems and

improvement suggestions can freely be discussed is critical to achieving continued productivity gains.

Management Training Topics

Generalizing about individual training needs is difficult. Each company should start by assessing its own. However, here are some training needs certain to be on many companies' priority lists.

- **Assignment design:** How to organize a department manager's job so the greatest amount of responsibility for that department can be delegated to the manager.
- **Performance evaluation and coaching:** How to provide department heads and other key employees with the periodic feedback they will need to do the right things in the right way.
- **Worker motivation:** What the manager can do to enhance and maintain it.
- **Training the trainer:** How to train others in the store, formally and informally.
- **Managing change in the store:** What needs to be done to successfully "bring the store along" as innovations such as store computers and automated reordering are introduced. Recent experience with the introduction of scanning indicated that unless close attention is paid to the human side of these technological changes, stores will not receive all of the benefits possible from them.
- **How to lead and organize employee involvement groups:** These include quality circles, productivity improvement task forces, scan-error reduction groups, etc.
- **Effective meetings:** How to make meetings productive. Building a store management team implies that more time will be spent in meetings.
- **Personal time management:** How to prevent burnout (see Chapter Six for more details) by limiting store managers' total time on the job. Time management training can help them do this and still handle their expanded jobs effectively.

Another general training area for many store managers is that of understanding the economics,

merchandising strategies, and operational aspects of any departments within their store to which they have had limited exposure earlier in their career. This training will be especially important when they are focusing on their role as Local Strategist.

This training must ensure that store managers have a mental model of profit-and-loss economics in each of their departments and that the model is based on the same assumptions that their department managers are using. They also need to know some *techniques of competitive analysis* so that they can keep track -- on a department-by-department basis -- of who their key competitors are and what each is doing.

More Oriented Toward Leadership Development

A second aspect of management development critical for the future store manager goes beyond the skills they can learn in training programs. Leadership and their role as the store's Culture Builder are skills that are best learned by watching, identifying with, and imitating successful senior managers in the company.

Companies will want to select those managers (experienced store managers, district supervisors, or senior executives) who will be *role models* for their new store managers. An important part of their job will be to provide the *mentoring* necessary to help the junior store managers and managers-to-be develop leadership qualities, political savvy and values the company wants to perpetuate.

This aspect of management development will be *more significant* than the formal training and management education. It will be the key way in which store managers learn the corporate philosophy and how to apply it.

Example of a Training Scenario

Below is an example of a possible store manager training sequence. It is one of many alternative scenarios; the individual steps and the lengths of time spent at each step will vary by company and with the individual being trained.

Recent college graduates may be able to be recruited for the company so that each year's group starts the sequence on a common date. Doing so will help

build comradeship and esprit de corps. In addition, individuals who begin company training while in college may have completed the first step outlined below before graduation.

Sample Training Sequence For Recent College Graduates and Others

1. *12 months*, structured, bottom-up program to learn all of the jobs, through a combination of *workshops* and *on-the-job* training that simulates pace, hours, and energy level required for actual store manager.
2. Assignment to *department manager's* position in *larger* store.
3. Planned *rotation* among departments and stores for 2-3 years. Some of the most promising trainees might also work in headquarters staff assignments as a way to better understand the company philosophy.
4. Assignment as *assistant manager of larger store* (2 years or until another position opens).
5. Assignment as *store manager of smaller* store with a management-development-oriented supervisor.
6. Assignment as *store manager* of larger store.

Questions to consider about the development of your store manager's skills include:

- Does your training program for prospective store managers adequately anticipate the changes you expect at store level?
- Recognizing the importance of the store manager in your operation, what forms of continuing education need to be available to these key people?

CHAPTER FIVE

RECOGNIZING AND REWARDING THE STORE MANAGER'S CONTRIBUTIONS

The strong culture that will characterize both the more successful stores and companies of the future must be maintained by two critical management practices. The previous chapter discussed the first of these: the importance of careful attention to management development and training. This chapter reviews the second key practice: use of a systematic approach to recognize and reward the contributions of the store manager and other key personnel.

Current Practices

The relatively low profit margins and the significant place payroll costs occupy in relation to total costs have combined to make food retailing a salary-conscious industry. Still, it has generally recognized the importance of properly rewarding its well-performing store managers; a nationwide survey found store managers much more disconcerted about long hours, job security and too-close supervision than they were about their salary levels (reported in *Chain Store Age/Supermarkets*, November 1982, pp. 27-30).

These findings were mirrored in discussions with high-performing store managers. They seemed more concerned with the procedures used to reward them than with the actual amounts of money they were given.

They also seemed more concerned about the absence or the inconsistent use of non-financial reward and recognition tools. This nationwide study finding also reflects another one that indicated the store managers' *number one complaint* was the *lack of recognition* they received for a job they felt was well done.

Our research in companies around the country indicated two general patterns for structuring financial compensation:

- In relatively centralized companies: store managers received a salary plus a bonus that, for good performers, ranged from 15-30% of the base salary amount.

- In relatively decentralized chains: the bonus was a much higher percentage of the base pay. In some of these companies, the bonus amount was equal to the regular annual salary. In one company, all of the store manager's compensation was commission, which varied with the store's performance.

Bonus systems are not appropriate for every company. Some feel they have done very well without any form of incentive pay at the store level. There were less consistent patterns in how special incentive programs, trips and contests, and less tangible forms of recognition were used. Most companies use some of these, but few used them systematically or got all of the benefits they could from them as management tools.

How might these practices change in the future? The survey of executives of the larger food retailers indicated that a high percentage of their companies (88%) already had a bonus or incentive pay plan that covered store managers. In the future, the executives expect even more of their managers will be covered (94%).

Expanded Bonus Eligibility

A more significant finding of the survey is the extent the executives feel that these over-and-above-the-regular-base-salary programs could move deeper into the store's organization. Only half of the companies surveyed now have their assistant store managers eligible for bonus plans. They feel this practice could increase significantly in the future. Also, more than three-quarters of the department managers may be considered for inclusion in such plans. And even though currently, few companies surveyed include all store employees in incentive pay schemes, more than a quarter indicated this may be possible in the future.

The actual survey results of the 52 executives who responded are presented below:

Job Level	Now Eligible for Bonus or Incentive Pay	Could Be In the Future
Store Managers	88%	94%
Assistant Store Managers	48%	83%
Department Heads	40%	77%
All Store Employees	4%	27%

One executive reported good results from establishing a store-based bonus pool, with the store manager responsible for its administration.

One significant implication of these trends is that the future store manager may have a new and strong tool to use in managing the store's work force: an expanded incentive pay system. To the extent the manager is "in-the-loop" as far as decisions about how the system will be designed and implemented in his store, his role as a manager will be strengthened. It should be possible for the manager, working closely with headquarters compensation experts, to develop performance measures to trigger incentive payments that are based on the store's local competitive situation.

The careful selection of these indicators is the critical step in developing workable incentive pay schemes -- important at both the store and within-store levels. The main criticism of bonus plans expressed by the store managers interviewed was that there frequently was little they could do differently that would affect the size of the performance measure upon which their bonus was based.

More Attention To Recognizing Accomplishments

While most of this discussion of reward and recognition has focused on its monetary aspects, it is important to emphasize the need to get more mileage from nonbonus payment rewards and to pay attention to the psychological aspects of the company and store's recognition efforts.

Many managers have indicated that *how* an award, or reward, is given can be as important as the nature of the reward itself. A number of industries are emphasizing regular recognition events where awards for special performance are presented by a senior company official publicly, with the recipient's peers and family present. These industries are also experimenting with the use of award programs of relatively low cost (such as "dinner-for-two") that can be authorized by a manager with a minimum of red tape and given relatively *soon* after the special accomplishment.

Summary

In summary, here are some characteristics of especially effective reward and recognition practices. Which are present in your company today? Which are worthy of consideration for the future?

- Providing incentive pay deeper in the store organization, i.e., making it available to the department head and levels below when circumstances allow.
- Broadening the achievement targets used to determine bonuses and rewarding longer range achievements as well as short-term operational accomplishments.
- Distinguishing incentive pay from profit sharing. Incentive schemes should involve some element of risk as well as reward.
- Providing separate mechanisms to reward significant immediate accomplishments which can be awarded relatively close to the time the achievement happens.
- Having some store managers share a common bonus pool to encourage them to collaborate closely, when necessary. They can be grouped by geography or store size. Perhaps managers of older stores would share one pool while heads of newer stores another.
- Improving the nonfinancial or relatively low cost awards (such as trips for high-performing managers to visit exemplary stores in other parts of the country). Travel awards would also be provided for professional development as well as for recreation.
- Paying increased attention to the psychological aspects of the company's reward system; as mentioned earlier, how an award is given can be as important as the substance of the reward.

Here are examples of the range of reward and recognition tools available.

- Base salary with periodic adjustments;
- Benefits package;
- Bonus based on critical performance indicators;
- Short-term awards for one-time accomplishments;
- Major awards for strategic accomplishments;
- Performance-based career advancement;
- Special recognition events;
- Periodic recognition devices;
- Equity participation (for publicly-held or employee-owned companies).

Which of the above are currently overworked in your company? Which have been overlooked or underused? Which can become tools for future store managers to use as part of their management tool kit?

Other issues you may want to consider include:

- Have you recently examined the question of who at store level should be eligible for bonus or incentive pay?
- To what extent can your company afford an expanded bonus or incentive pay program?
- Beyond compensation, does your company have a program that provides recognition for your store managers', department managers', and other key employees' significant accomplishments?

CHAPTER SIX

MOTIVATING STORE MANAGERS OVER THE LONG HAUL

Food retailing at the store level has always been a short-term business. The capital intensiveness and augmented manager role required by the store of the future will change some aspects of this, but by and large, the short-term nature of this business is expected to predominate through the 1980s.

Many high-performing store managers cite this sense of immediacy, this need to keep the store operating at its peak day in and day out, as what keeps them most interested in their work. But it is also something that can have a negative impact over time, leading to demotivated and burnt-out managers.

Keeping the store manager of the future motivated over the long-term will require top management attention in three areas:

- Job enrichment;
- Alternative career paths; and
- Burnout prevention.

Job Enrichment

While the reward and recognition systems are extremely important, there are limits to how much steady motivation can come from them alone. In managerial jobs, often the most effective motivator is the *job itself*.

For this reason, the recommendation that the future store manager delegate more responsibilities to the department managers is matched with a recommendation that the head of the store assume some new duties. Unless both these changes are made in concert, the store manager will be left with either an overburdened or a relatively empty job -- neither likely to keep interest and motivation high over the long-term.

Job enrichment, generally, involves carefully analyzing not only the job in line to be enriched, but the other jobs around it. In the large-volume store situation, this will imply examining the tasks and responsibilities of:

- The store manager's manager;
- All those who report to the store manager;
- Staff jobs in the company (especially in the merchandising and human resources areas).

Opportunities must then be identified to *pull down* responsibilities from those above the store manager and to *hand off* other tasks to the manager's subordinates, or to automation where appropriate.

By enriching the job we find ways to build into it more opportunities for store managers to:

- Be *responsible*;
- Receive *recognition*;
- Feel they are *achieving* something;
- *Develop* and *grow* their intellectual talents;
- *Advance* in the company as a result of these achievements.

While we have tried to make these observations of the elements of the future store manager's job as specific as possible, they still need to be adapted and fine-tuned to each situation. Job enrichment is one way to localize these position description recommendations.

Alternative Career Paths

Job enrichment implies designing the store managers' jobs so that they have a sense of where their careers are "going." Since food retailers, like most corporations, have organizations structured along the lines of a pyramid, with steep slopes and relatively few senior positions on top, potential career frustration can be "built in" to the organization structure. As stated above, one way to relieve this pressure is through job enrichment. Another way is by consciously planning a range of *career path alternatives* for the store manager.

A number of these options already exist in many companies. In the future, these options will surely increase, and more attention will be given to explicitly managing a store manager's movement from one position to another. To do this will require at least one individual in many companies who, along with other responsibilities, is concerned with:

- Planning career paths and job movements for the store managers (and others in the company) based on assessments from a number of sources and on inputs from the individual managers;
- Counseling the store managers about the opportunities available, and ensuring that the training and coaching that will be needed for their next step are provided in advance of the move.

What are the alternatives available? The charts on pages 21 and 22 indicate the range of alternatives. Not all of these will be present in any one food retail company; they are offered to stimulate thinking and help company executives generate their own alternatives.

The first chart suggests possible *next steps* for a store manager who is currently performing effectively. The options range from managing a similar store format in a new market area (allowing the manager to retool his Local Strategist responsibilities) to running a store with a significantly different mix of merchandise. Special situations such as startups, turnarounds and intensive local competition create other potential next assignments. These, however, may involve a shorter term than the other options since, sometimes, the manager best able to turn around a troubled situation or aggressively deal with strong competitors is not the best candidate to run that store when things reach a more stable state.

The second chart highlights seven options for longer term career development of the store manager. Most of these moves will involve considerable advance training. The movement to district or zone manager (with possible subsequent promotions to Executive Vice President or Senior Vice President of Operations) was the most commonly specified option in the interviews held with high-performing store managers -- but it is far from the only alternative.

Some successful managers might do best to stay in their present store, but over time, gradually expanding their overall responsibilities. Some may become designated trainers of future store managers or more active in headquarters task forces, planning future company-wide business strategies.

Other managers might take merchandising or headquarters staff positions. A manager with a special flair for the Local Strategist aspect of the job might make significant contributions as a merchandising specialist or manager. Others may be logical candidates for labor relations or headquarters automation planning staff jobs. They can help bring to these jobs a keen sense of the realities achievable in the store -- a view that some technical specialists lack.

A final option is leaving the company. For food retailers with exceptionally effective management development programs, more talent may be developed than the chain has the capacity to use -- not necessarily a bad situation. Successful companies such as General Electric, IBM, and Procter and Gamble are known for "exporting" their trained talent to other companies. In this way, they ensure that they always have sufficient management resources and opportunities available. It keeps the career pipelines unclogged.

This discussion of career alternatives is not meant to imply that frequent job rotation and movement are a desirable characteristic of the future store manager. On the contrary, we feel that the complexities and expanded time horizon of these managers will require them to stay in place *longer* than do some of the traditional supermarket managers who change stores every two or three years. More time will be needed to "learn the ropes", make a few mistakes and correct and learn from them, and build a strong store culture and a close-working team of subordinates.

Too frequent rotations are one of the factors responsible for store managers burning out. The next section considers the manager burnout issue in more detail and discusses the actions that can be taken to prevent it.

Preventing Store Manager Burnout

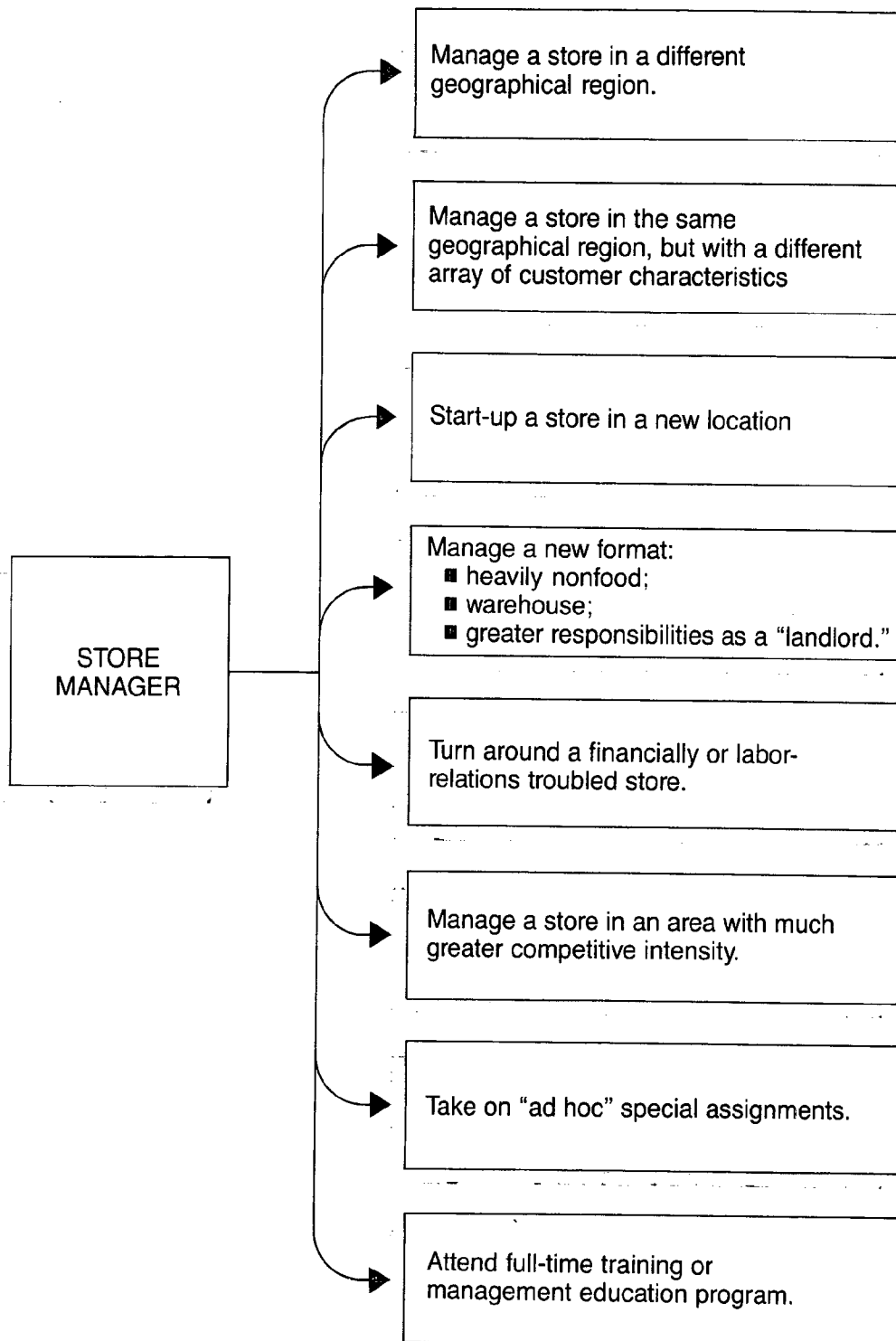
Managers in a wide variety of industries are in jobs vulnerable to burnout. This phenomenon occurs when managers expend a tremendous, continuing effort over a period of several years, frequently with such intensity as to make them feel continually near the exhaustion point.

They end up feeling that their efforts, heroic as they might have been at the time, have not led to any major tangible result. These managers feel helpless, trapped, hostile, and completely worn out. They have no desire left to do the job they feel they are "stuck" in.

They may also often feel they have received little or no appreciation or recognition for their efforts. Eventually, pride in themselves and their company drops drastically.

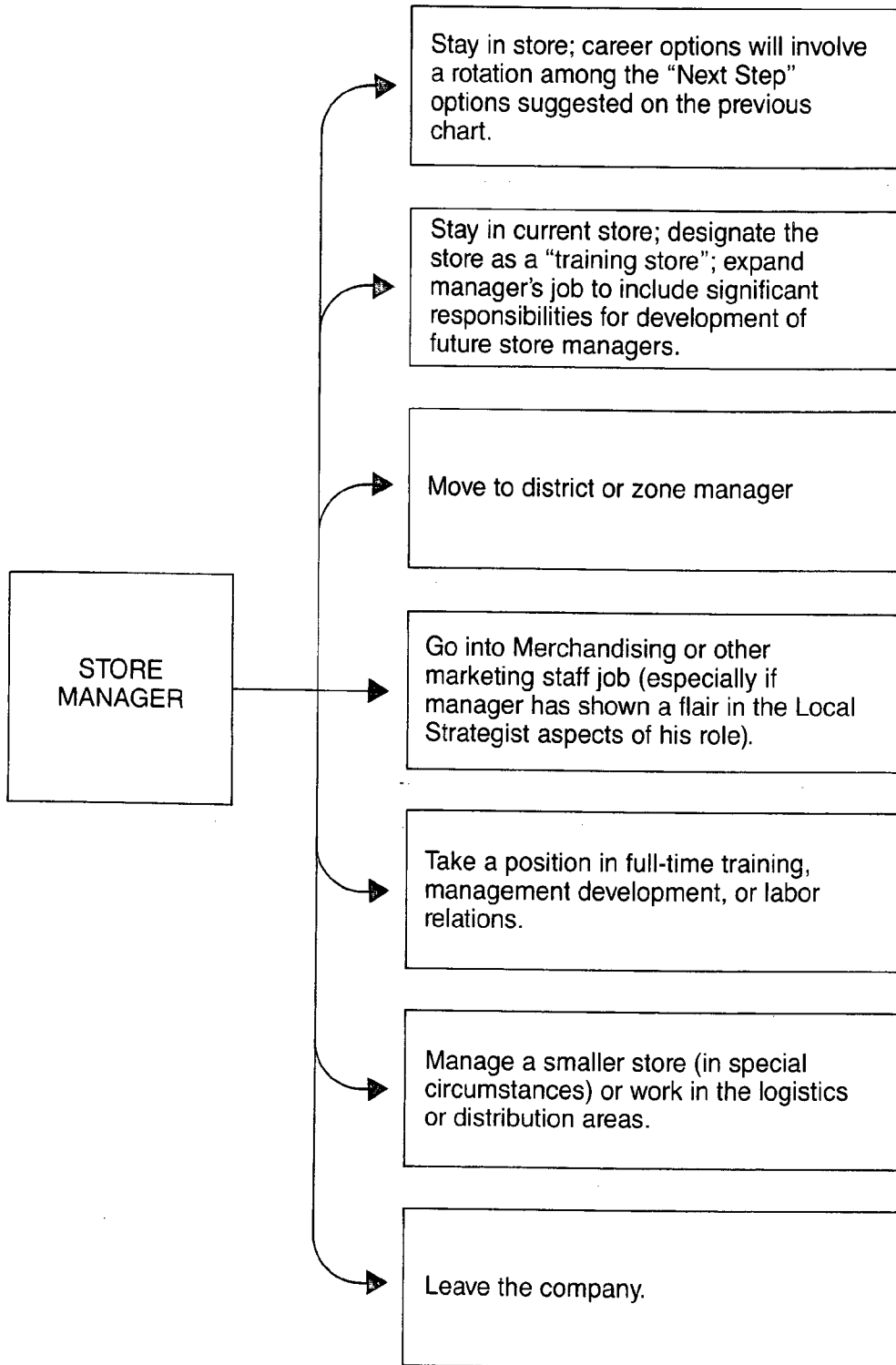
CAREER OPTIONS FOR STORE MANAGERS OF THE FUTURE.

NEXT STEP



CAREER OPTIONS FOR STORE MANAGERS OF THE FUTURE

INTERMEDIATE TERM



The expanded role of the future store manager offers a number of possibilities for reducing managerial burnout in the food retailing industry. As the president of a major regional chain commented: "The large-volume store of the future can offer a much better life for the store manager than was ever possible in the smaller store."

The survey confirmed this view. Only 4% of those responding felt that the incidence of burnout would increase in the larger future stores as contrasted with the smaller ones. About half the respondents felt it would stay the same; half felt it would decrease.

Causes of Burnout

What have been the elements of a store manager's job that can lead to burnout? A constellation of factors have made some store management positions a breeding ground for burnout. One major factor involves the frustrations of being a manager in a situation where some of the most significant causes of profitability or lack of profitability are out of one's control (store location, changing demographics, increased competitive intensity). These managers often feel they have squeezed the last drop of productivity from their stores, without any continuing impact on overall results.

Others have expressed the view: "Is anybody really listening to my problems?" Problems communicating with an overlaid senior management, coupled with uncertainties resulting from store closings, combine to put pressure on the manager. Those store managers in company environments without the multiple career paths previously discussed may feel as if they were trapped in quicksand.

Sometimes their natural allies, the company's other store managers, are not available for support, either because of geographic distance or psychological barriers that result from the internal rivalry that some company management systems induce.

These factors, in turn, can interact with the stresses that are a day-to-day part of many store managers' jobs:

- The need for immediate results (the short-term horizon);

- The constant personal interactions with employees and customers (and always feeling the need to be "up" for these);
- The importance of paying continual attention to many small details;
- Anxiety about technological changes such as computer systems;
- And the pressures that result from some employees wanting to treat the manager as a "father figure."

These all coexist with the strains in personal and family life that we feel from time to time. They are made more difficult to cope with in some situations by very long hours and frequent job relocations.

Remedies

What can be done? A number of the management practices discussed earlier in this report can be of significant help:

- Well-planned, but not too frequent, job changes;
- A variety of career options within the company;
- Increased consultation and participation of store managers in task forces concerned with companywide issues;
- Provision of the types of regular recognition discussed in the previous chapter;
- A key role of the store manager's boss being that of building a collaborative team with the individual store managers who report to him.

Other approaches include taking care not to overrely on the same store managers to put out all the fires, and providing store managers with periods away from the store job for development and education programs. These approaches should include exposure to new ideas as well as periods of intense physical activity (often a useful way to help managers cope with built-up stresses). Flexibility in scheduling work hours and enforced use of vacation time are also helpful. Senior management, through its systematic approach to reward and recognition, can try to continually let store managers know their contributions are appreciated. It is important to act in ways that support a store manager's positive self-image while, at the same time, easing his often-overworking conscience.

Also, the role previously discussed of the store manager as builder of the store's culture can do a lot to reduce feelings of being isolated and alone.

Long hours have always ranked high on store managers' complaints about demotivating aspects of their jobs. Our impression is that, at least in the next few years, the average weekly hours spent by store managers will not greatly change, but how the time is spent will change. Less time will be devoted to direct supervision and more to training employees and themselves in the new aspects of the job. The chief executives surveyed felt that by 1990, their store manager's average workweek would be shortened by about five hours.

Regarding motivating store managers over the long-term:

- Is there a person in your company who is responsible for helping store managers plan the development of their careers?
- Have you practices in place in your company that prevent burnout?
- Is the habit of providing recognition well-developed at every level of your company?

CHAPTER SEVEN

ORGANIZING THE STORE OF THE FUTURE

So far, we have discussed the changing role of the store manager and some of the human resource management practices that will need to be strengthened to make this role productive. In these two final chapters, we will focus on the implications of the store manager's changed role on the organization of both the store and company.

Nine Elements of Organization

First, some comments about what we mean by "organization." To be of practical use, thinking of an organization as more than just the lines and boxes on a chart is helpful.

Arthur D. Little uses a model that says, when thinking about organization, nine factors need to be considered. Think about your own company as you read through each of these.

1. *The Top Management Group*: These people share responsibility for the future direction of the corporation as a whole. This group may or may not include all the people with corporate officer titles, especially in family-owned businesses. In some companies, the "group" consists of only one individual, though this often is a limiting factor as the company grows in volume and geographic diversity. The store also has a top management group that includes the store manager and the senior employees who share responsibility for the performance of the store as a whole.
2. *The Critical Driving Forces*: These key beliefs and values determine the company's philosophy. The implementation of this philosophy by the company's managers, in turn, produces its unique culture. For some firms, "innovativeness" and "responding to customer requirements" might be the key values, while others may stress "stringent cost control" and "operational efficiency."
3. *The Organization Structure*: It indicates how authority and responsibility are allocated.
4. *The array of Coordinating and Conflict-Resolution Mechanisms in use*: These mechanisms include standing committees, task forces, product managers, informal mutual accommodations, and executives who play the role of corporate tribunal -- the "glue" that holds the structure together.
5. *The Management Style*: Is the primary approach encouraged in the company participative or directive? Does it follow Theory X, Theory Y, or the more recent Theory Z?
6. *The Planning Process*: Is planning done by a small group of senior executives assisted by a headquarters planning staff, or is it more bottom-up, with significant participation from store managers? Are the plans detailed and cost-oriented, or more far-ranging and built around several alternative scenarios of the future? Do the plans include more than just budget projections of hoped-for financial results?
7. *The Control and Information Systems*: Are they centralized or decentralized? Does information primarily flow up and down the hierarchy, or are there extensive lateral communication channels? To what extent does the company use management training as a way to loosen the grip of the formal system? How widespread are computers, and how are they interconnected?
8. *The Performance Measures and Rewards*: What numbers are most closely watched in your company? How do your rewards and incentives (both formal and informal) relate to them?
9. Finally, and in many service businesses, the most significant, *The Human Resources*: What practices does the firm use to manage its human resource asset? Is stable, career-long employment encouraged, or is managerial turnover becoming increasingly frequent?

All nine of these interact and reinforce each other. They need to support each other and the company's business strategies.

“Hard” and “Soft” Management Practices

Most companies in mature industries, such as food retailing, give too much emphasis to what we call the “hard” practices and ignore the leverage they can get by providing top management attention to the “soft” practices. One of the key lessons from Japanese management practices is the need to give a balanced emphasis to each at both the companywide and the store level.

HARD ELEMENTS	SOFT ELEMENTS
Top Management Group	Critical Driving Forces
Structure	Coordinating and Conflict-Resolution Mechanisms
Planning Processes	
Control and Information Systems	Management Style
Performance Measures and Rewards	Human Resources

The survey of industry executives indicated increasing interest in adopting the softer management practices. More than a third of them indicated they had:

- A corporate mission or philosophy statement posted in their stores in a way that all employees and customers could see it; and
- Most of their stores had at least one currently active quality circle or productivity improvement task force.

More than half of the executives whose companies had neither of these practices currently in place felt that they were important and should be used in their stores.

Organization of the Future Store

With regard to the organization characteristics of the store of the future, the comparison on page 27 summarizes the differences we see for each of these nine organizational elements between today’s supermarket and the store of the future.

Which of these descriptions best characterizes your individual stores?

Alternative Organization Structures

To help distinguish among the different store formats, the four charts on pages 29, 30, 31 and 32 show examples of alternative organization structures that will be appropriate for the stores of the future.

Most current supermarket organization structures are a result of the gradual evolution from a time when a small group of employees ran the store. Each was able to do many of the tasks that needed to be done. Larger stores and unionization resulted in more clear-cut distinctions being made in the responsibilities and departments. The usual structural pattern involved all departments and isolated staff assistants reporting to the store manager. As new departments were added, the number of individuals the manager directly supervised grew. Even with the addition of deputy or assistant managers, this expansion has produced an overload on many store managers.

The complexity and scale of the future store require more defined configurations than the structure that has evolved. The key difference, however, is not apparent by only looking at the charts; each of the managers indicated has been delegated a considerable amount of responsibility to run his area.

Centralized and Decentralized Stores

Differences are apparent between the structure appropriate for stores in more centralized chain environments and those that stress decentralization and a great degree of store autonomy. As the sample charts on pages 29, 30, 31 and 32 indicate, the tendency in the centralized stores will be for the store managers to have a reduced number of people reporting to them (three or four senior managers plus some support staff may be common). These senior managers, in addition to overseeing their areas and department heads, can be in training for the store manager position. They might be frequently

	Today's Supermarket	Store Of The Future
TOP MANAGEMENT GROUP	Usually <i>limited</i> to store manager and assistant.	Broadened to include <i>team</i> of department managers.
CRITICAL DRIVING FORCES	Primarily <i>cost-conscious</i> which can conflict with a customer- <i>service</i> orientation.	<i>Continued</i> emphasis on cost control and customer orientation. Trade-offs between cost and service made more frequently at department manager level. Relatively more stress on <i>local entrepreneurship</i> .
STRUCTURE	Frequently with a <i>broad span of control</i> for store manager with designated deputies.	<i>Fewer</i> people directly reporting to store manager. Emphasis still on keeping number of levels of hierarchy to a minimum.
COORDINATING AND CONFLICT-RESOLUTION MECHANISMS	Generally done <i>informally</i> ; Store manager <i>primary</i> coordinator of day-to-day store activities.	Done more formally using <i>regular meetings</i> and appointment of problem-oriented <i>task forces</i> composed of employees from several organizational levels. More responsibility <i>delegated</i> to department heads for coordination within their areas and among themselves.
MANAGEMENT STYLE	<i>Directive</i> and <i>paternalistic</i> .	<i>Goal-oriented</i> and <i>participative</i> . Stresses management-by-exception.
PLANNING PROCESSES	Tightly linked to a monthly budget. A short-term operational focus. Primarily done by store managers.	Short-term operational plans <i>delegated</i> to department managers as much as possible; longer-term plans with more of a strategic and marketing focus done by store manager. Store manager more involved in company's overall planning procedures.
CONTROL AND INFORMATION SYSTEMS	Frequently informal; <i>management by walking around</i> . Oriented at informing store manager and preparing reports to go outside the store.	Increasingly based on <i>scan</i> data and <i>store computer</i> analysis. Management by walking around <i>still</i> important, but more oriented to staff development, not operating details. Systems increasingly designed to <i>help</i> department managers.
PERFORMANCE MEASURES AND REWARDS	Measures mostly related to <i>improving past performance</i> and doing well in relation to other stores in the chain. Fixed salary for most employees with bonus for store manager. Most recognition <i>informal</i> pat-on-the-back or none at all.	Measures are more oriented toward competition and the store's specific strategies. Short-term profit contribution still watched closely. Additional indicators of profit per-unit of selling space guide decision-making. <i>Expanded</i> use made of <i>incentive pay</i> ; more employees in the store eligible for it. More <i>systematic</i> approach taken to providing recognition for performance achievements.
HUMAN RESOURCES	Largely <i>part-time</i> . Most have worked <i>up-the-ranks</i> . Most training done <i>on-the-job</i> .	Many more employees with greater <i>diversity</i> of background. More <i>formal</i> approaches to training and development at all levels.

rotated within a store to broaden their experience. The customer service manager position might be ideal for former store managers of smaller supermarkets who are more attuned to the customer relations side of their jobs than the supervisory and delegation aspects. It can also be an excellent development position for a potential store manager.

The decentralized stores will still have a number of department heads reporting to the store manager, each able to operate with a measure of autonomy.

In some of the largest combination stores, dividing the organization into food and general merchandise makes sense. The store manager's role here is more of a landlord and coordinator. This type of structure has one potential problem: it can lead to an excessive number of management layers emerging under each of the two key managers. This structure will work best in relatively decentralized operations.

The Store's Management Team

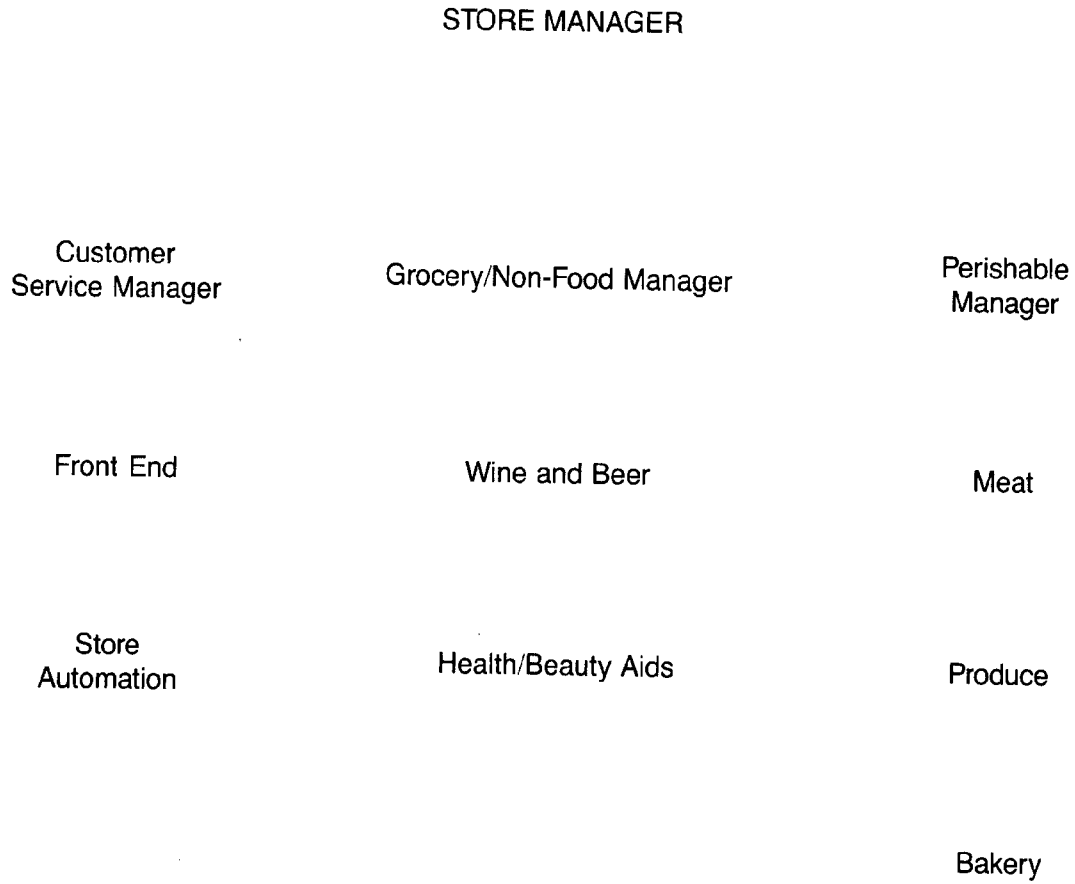
One final comment about the store organization. While the store manager will still remain the most significant figure in the store, the composition of the store's "top management team" will need greater attention. Managers with widely varying characteristics and personal styles can be used. By balancing this team with these individuals who complement each other's strengths and who fill in for the weaknesses, it will be possible to maintain a consistent company culture and image in a large number of stores.

In the survey, one executive commented on the need not to expect the store manager of the future to do the entire job: "With more and more space being devoted to nonfoods and specialty departments, it is becoming increasingly harder to acquire or even train store managers that have enough knowledge of all departments. From our viewpoint, it will become just as important to find qualified department heads as it will to have a good store manager."

Regarding your own company:

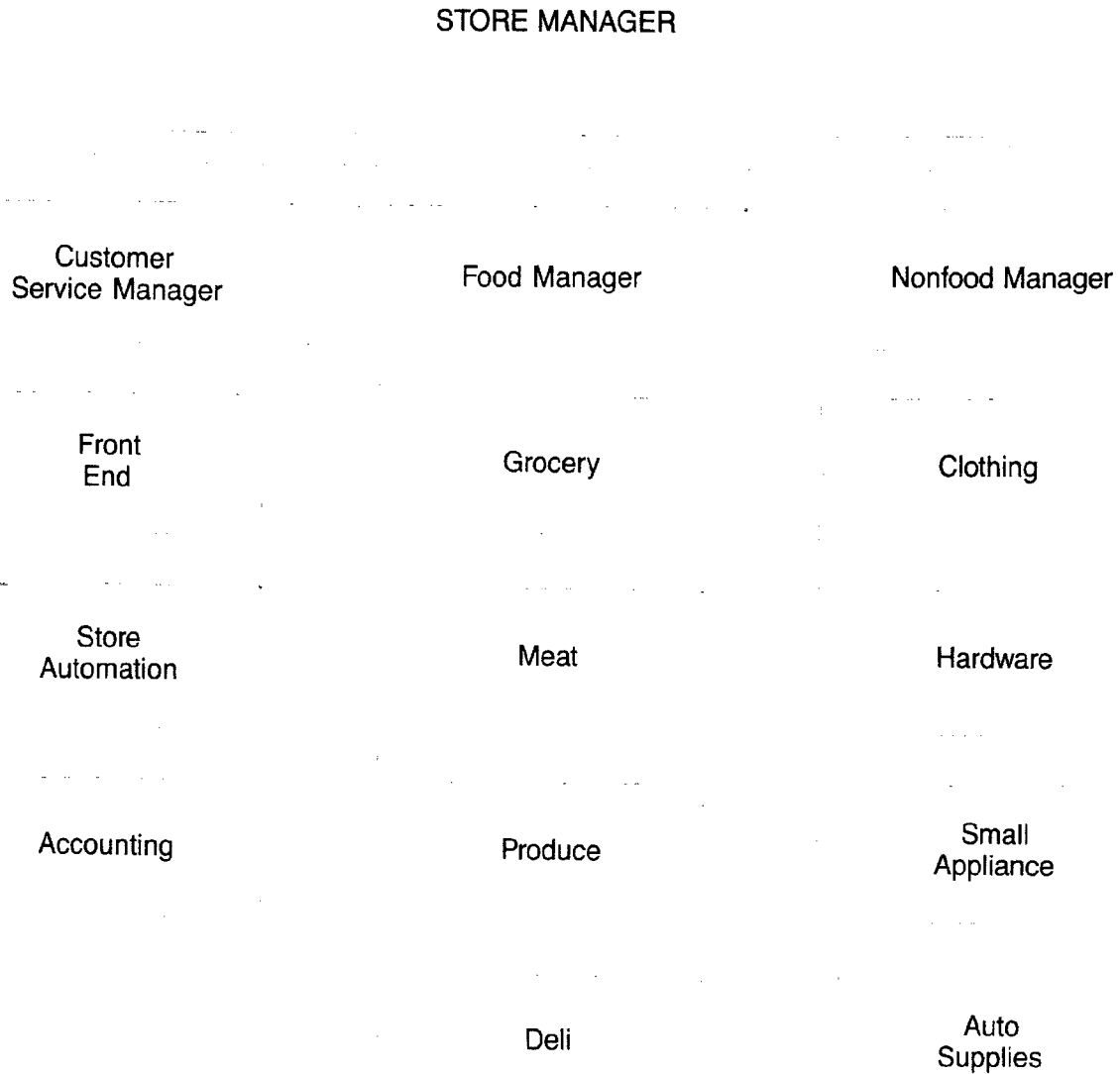
- Is it possible for your store managers to properly supervise all of the individuals currently reporting to them?
- How many of your department heads are potential store managers?

**1. EXAMPLE OF A POSSIBLE STORE ORGANIZATION
— STRUCTURE FOR A CENTRALIZED COMPANY ENVIRONMENT
— MOSTLY FOOD FORMAT.**



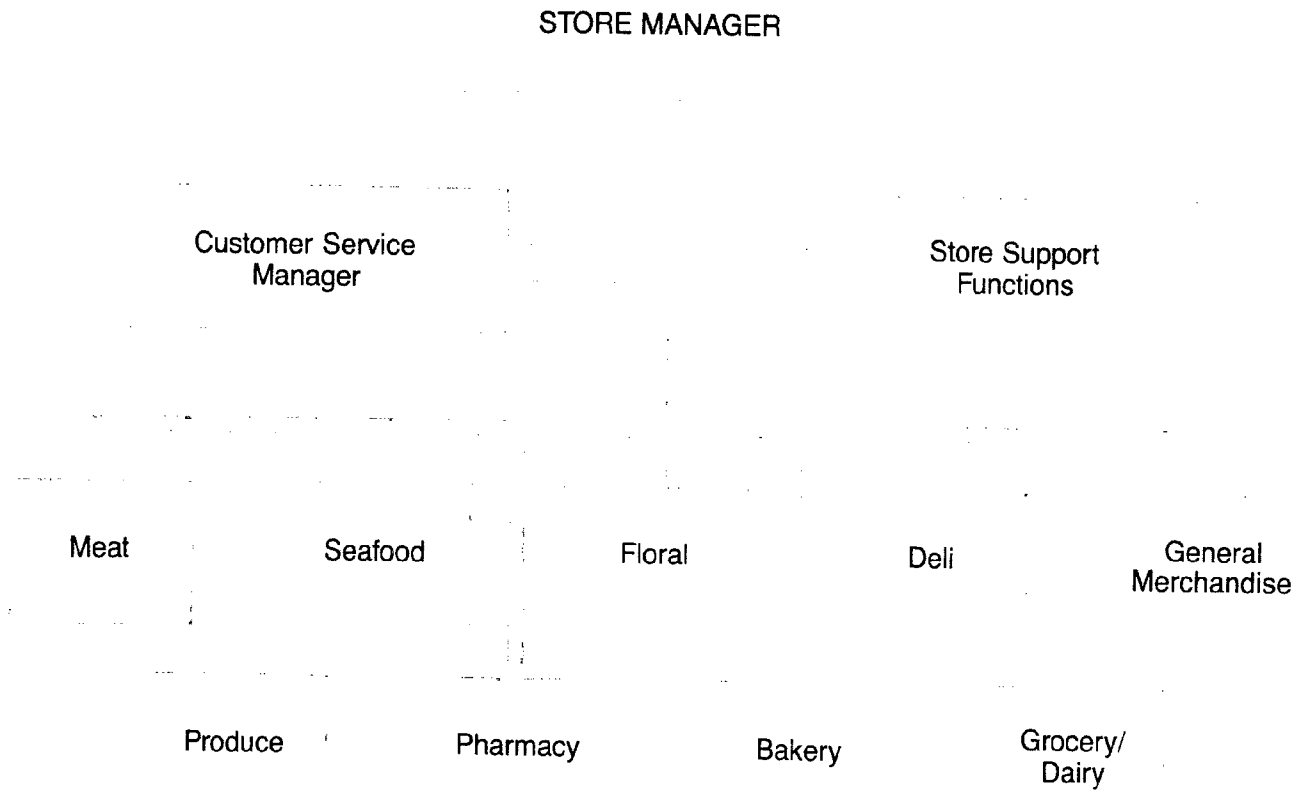
Note: This chart illustrates a general alternative. Not all departments or areas are shown.

**2. EXAMPLE OF A POSSIBLE STORE ORGANIZATION
STRUCTURE FOR A CENTRALIZED COMPANY ENVIRONMENT
— COMBINATION FORMAT.**



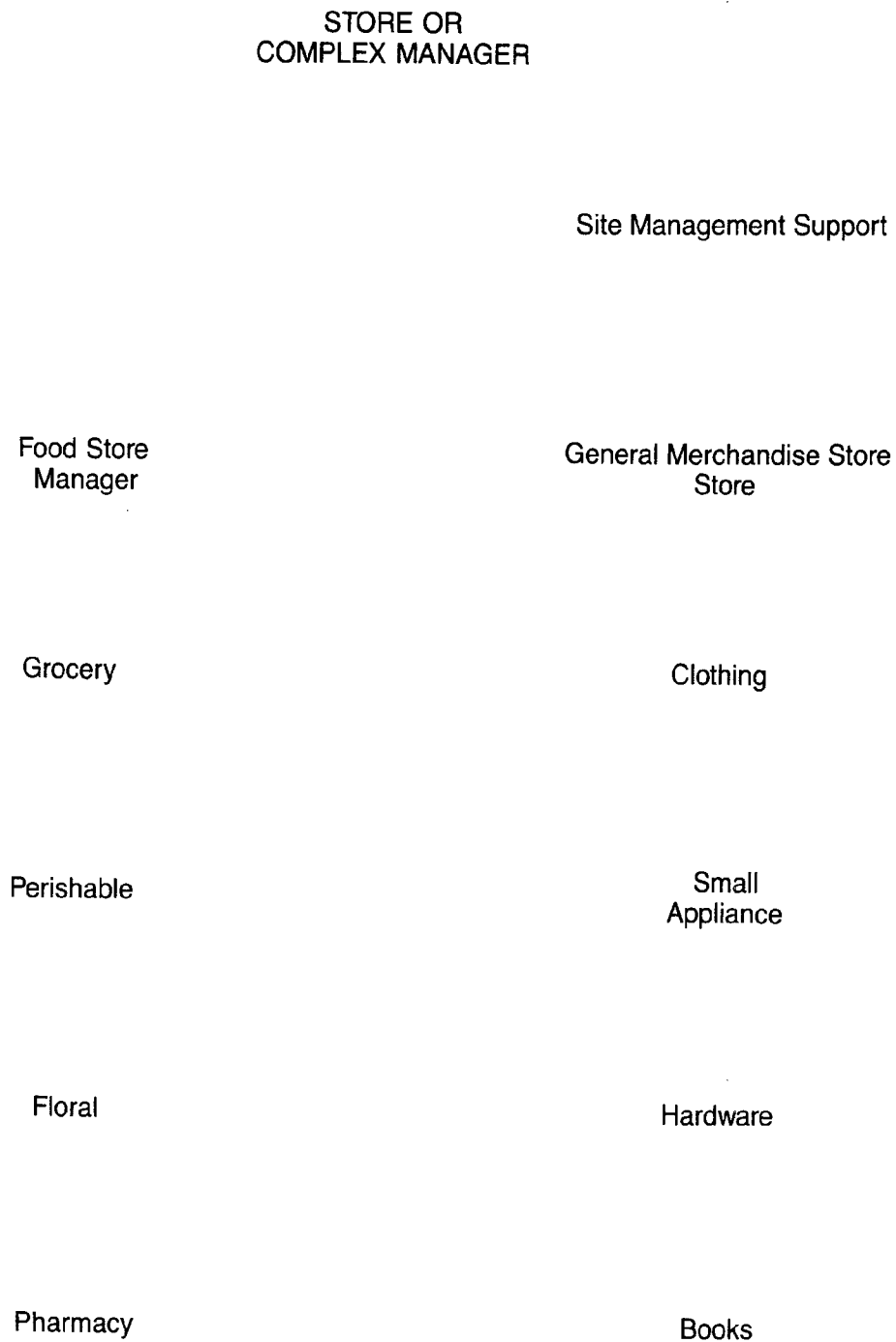
Note: This chart illustrates a general alternative. Not all departments or areas are indicated.

3. EXAMPLE OF A POSSIBLE STORE ORGANIZATION STRUCTURE FOR A DECENTRALIZED COMPANY ENVIRONMENT.



Note: This chart illustrates a general alternative. Not all departments or areas are shown.

4. EXAMPLE OF A POSSIBLE STORE ORGANIZATION STRUCTURE FOR A LARGER COMBINATION STORE



Note: This chart illustrates a general alternative. Not all departments or areas are shown.

CHAPTER EIGHT

ORGANIZING THE COMPANY FOR THE STORE OF THE FUTURE

The changing role of the store manager will have significant implications for the organization of many food retailing companies. While the store manager focus of this project precluded a detailed examination of these topics, several issues did emerge for company executives to consider. They tend to cluster around two questions:

- Will the store manager of the future do best in a centralized or decentralized company environment?
- What kind of supervision will this store manager need?

Centralized or Decentralized Companies?

Both work. The industry already has a wide range of companies on the centralized-decentralized management continuum. They range from companies that provide a great deal of autonomy for their store managers (complete freedom in selecting and pricing merchandise, for example) to ones that are tightly headquarters-staff-driven. Generally, the highly-decentralized companies operate successfully in areas where their stores are geographically farther apart from each other than do the more centralized operations, needing to coordinate several stores operating in one trading area.

In several of the larger companies that operate in distinct market areas, a trend has been to decentralize many functions to the division level, with the division still keeping tight reign over the individual stores.

Likewise, in some of the highly decentralized firms, the emergence of large stores is starting to require a pulling-in of the reins. This is happening primarily in the areas of formalizing company philosophy and policies that have never been codified and providing significantly more attention to management development and training than in the past.

Decentralization -- a Matter of Degree

There is no such thing as a completely decentralized, or a completely centralized company; functions and responsibilities are centralized or

decentralized, not companies. Some companies may appear highly decentralized because they have few rulebooks and a relatively fluid organization structure, but when examined more closely, they:

- Are extremely careful in how they select new recruits ("to make sure they're our type of person");
- Invest in periodic -- at least once a year -- management training programs ("to teach them to think our way");
- Monitor closely one or two key performance indicators ("we watch sales and labor costs very closely, and give our managers a lot of discretion in the others").

Also, some of the more decentralized food chains are able to provide greater autonomy to their individual store managers because each of them is closely supported by the management system of a major food wholesale company.

The chart on page 34 is a set of guidelines that can be used to analyze a food retailer's situation and organization along 16 dimensions to help determine the overall "tilt" appropriate for the company along the centralization-decentralization continuum.

For example, a company with a low-price marketing strategy, relatively high plant and equipment investment, limited management resources available at store level, and a stable competitive situation tends to do best with a more centralized management approach. Decentralization is more favored in situations characterized by lower volume, a strategy based on local differentiation, and an entrepreneurial corporate culture.

Companies with an ample number of well-trained store-level managers, a slowly growing market, and a headquarter's-centered approach to automation might have a hybrid of centralized and decentralized management practices.

How many of the factors on this chart are present in your company? What does this imply about the extent to which your operations are centralized or decentralized?

Guidelines For Centralizing And Decentralizing Strategic And Organizational Factors

Factor	Favors Centralization	Favors Decentralization
Basis Of Competition	Low price	Differentiated products and services
Market Growth	Slow, steady growth	Rapid growth
Customer Image	Uniform chain image	Mirrors local environment as much as possible
Capital Investment	Relatively high	Lower
Customer Demographics And Preferences	Relatively homogenous across trading area	Relatively heterogenous across trading area
Volume	High to extremely high	Relatively lower
Store Orientation	Efficiency	Innovativeness
Levels In Organization Hierarchy	Many; a "tall" organization	Fewer; a "flat" organization
Span Of Management Control	Relatively narrow	Relatively broad
Stability Of Business Environment	More stable	Less stable
Employee Turnover	Relatively high	Relatively low
Investment In Training And Management Development	Relatively lower	Relatively higher
Focus Of Automation	Headquarters control	In-store decision-making
Compensation	Emphasis on salary and benefits	Emphasis on bonus and incentive pay
Critical Management Talent	Relatively scarce	Sufficiently available
Management Style	More cautious and controlling	Supports entrepreneurship and well-managed risk-taking

Survey Results

The surveyed industry executives were divided into two camps about the organization changes their companies will make as their number of larger stores increases.

Seventy-seven percent of them said this will require more decentralization of authority at the store level. They are in favor of more autonomy being given to individual store managers. These senior executives were also asked what they would recommend as the variety of products (both food and nonfood) sold in their stores increased. Three-quarters of them recommended:

- Expecting the store manager and in-store department heads to devote more time to merchandising;
- Allowing these managers to have more influence over selection, pricing, advertising, and display policies;
- Training current store managers in marketing techniques; and
- Selecting new store managers based in part on their merchandising abilities.

However, one quarter of these executives felt the most appropriate response for their companies to the same situation is greater control and centralization from division or corporate headquarters. These executives also indicated they would respond to this increase in product variety by hiring more out-of-store merchandising experts and giving them greater authority than they now have.

Managing the Manager of the Future

While the focus of this study has been on the store manager's future role, it is also important for many companies to consider the changes this role will imply for their store managers' supervisors. Many of these individuals may find it necessary to modify their management approach to accommodate and support the expanded responsibilities of the future store manager. The types and extent of change they will require will vary considerably, depending on their company's management philosophy, geographic extent of operations, and individual store needs. Some may find it useful to vary their management style when they are responsible for both high-volume and more traditional supermarkets.

Some challenges will be faced by the supervisors of future store managers:

- With the enhancement of management talent at the store and store-department levels, their role could shift from direct-oversight supervision to more of a coordinator/coach orientation. Some will be asked to be a key figure in developing the executive talents of store managers rather than on policing their performance.
- The increase in capability at lower levels in the company organization may permit some companies to increase the number of stores that report to each district or zone manager. This increased responsibility will make their jobs more complex along some of the lines discussed earlier when the changes in the store manager's role were considered. For some companies, the total number of such supervisory positions will be reduced and possibly, a layer of managerial hierarchy will be eliminated in companies that have several levels of supervision above the store level.
- The store manager's supervisor can have an expanded role in helping to identify and select future store manager talent. He will do much of the mentoring discussed in Chapter Four, such as focusing on potential store managers now working outside the group of stores for which they are responsible.
- These supervisors can also play a key coordinating and conflict-resolving role between the store manager and in-store department heads and the headquarters-based merchandising experts. At times, this role will require a careful balancing of viewpoints as increased but still limited merchandising responsibilities are granted to the store managers. The district managers will play a major role in defining exactly what these limits are.

For some companies, these challenges will suggest a need to redefine the district manager's job. The role of their field merchandising staff may also change. This staff will operate on more of an "on-call" basis to the store manager, and their role could be strictly more staff than supervisory. Their contacts with store personnel may be less frequent, but will be more in depth.

Decision-Making

Many companies may want to review their decision-making procedures:

- Will it be possible to allow more store-level decision-making on direct store delivery merchandising?
- Can this also apply to grocery products drop-shipped to the store as store managers use scan data to monitor sales?
- Can store managers be given more discretion on quality and pricing decisions about perishables?
- What types of personnel decisions can be made within the store by better trained store managers?

Many firms will be considering these examples of detailed issues. One industry executive summarized his view of these changes as involving "more support from headquarters on setting objectives and evaluating results, less input on how things should get done."

Overall Organizational Trends: A Summary

The answers to these organizational issues, by necessity, will vary from company to company. However, there are overall patterns that can reasonably be expected to be adopted as companies develop higher volume stores. Using the nine-element model introduced in the last chapter, these are:

TOP MANAGEMENT GROUP: In many companies, the responsibility for the overall business direction will become more widespread. A slow, but steady, increase of senior executives with experience managing larger stores will occur.

CRITICAL DRIVING FORCES: Top management will periodically articulate the key values that make up the company's culture and drive its strategies. Often, they will be written in statements of company purpose or philosophy. These statements, because of senior management's efforts in reinforcing them, will become day-to-day guidelines for store manager behavior. They will be taken seriously, not just hung on the wall.

STRUCTURE: The company's formal organization structure will become less significant than some of these other elements of organization. In many companies, the structure will become flatter, with broader spans of control. As the store managers are trained to exercise more managerial decision-making, it will become more important to look horizontally across the company's hierarchy to understand how things really get done rather than assuming most of the direction comes from the top.

COORDINATING AND CONFLICT-RESOLUTION MECHANISMS: The store manager's supervisor will be increasingly responsible for mediating any unresolved conflicts between the staff merchandising experts and store personnel. The store manager will focus on coordinating the activities of his department management team. Companywide, more task forces and special planning meetings will be set up to involve selected store managers in the operation of the overall company.

MANAGEMENT STYLE: As the industry matures and its store managers become more professional managers, the predominant management approach will stress more leading by consensus and less centralized direction.

PLANNING PROCESSES: These processes will be more participative; more overall strategy initiatives will originate at the store level.

CONTROL AND INFORMATION SYSTEMS: Scan, automatic reordering, and in-store computers will start to be used by better trained store and staff personnel.

PERFORMANCE MEASURES AND REWARDS: Increasingly, companies will be taking more systematic approaches to rewards and recognition at the store level.

HUMAN RESOURCES: There will be a greater diversity in store manager's backgrounds and career options -- a more deliberate emphasis on management education and training to compensate for relatively less stress on centralized control and narrowly defined policy direction.

It might be useful to consider each trend in terms of your own company: Two other questions to consider are:

- Have you recently considered whether your company is primarily centralized or decentralized and whether this is the most effective way for you to organize?
- How many layers of management do you have between the store managers and your Chief Executive? Are they all really necessary?

Conclusions

This report reviewed organization and management issues that will be of concern to many food retailing companies throughout the 1980s. For some companies, many of the changes recommended here are already in place. Moving toward the future, for them, will be evolutionary. Others may notice a wider gap between today's and tomorrow's store managers. For them, the transition will be abrupt and possibly risky.

Business analysts expect this period to be one of slower growth and a potential stalemate for some of these companies. Increasingly these companies will be looking within their own operations for ways to maintain competitive advantage and earnings stability. To meet these objectives, many companies have chosen strategies that are based on high-volume stores with an expanded array of products and services.

As companies following these strategies have already seen, managing these stores requires approaches often quite different from what was required to achieve success within a smaller format. The impacts of larger numbers of customers, employees, and offerings can be coped with, but they require increased use of computers and a willingness to delegate operational details lower within many company and store organizations.

This business environment will necessitate many companies to:

- Reexamine how they define their store manager's responsibilities;
- Cast a wider net as they recruit future managers;
- Select managers more for their leadership qualities and less for how well they have mastered all the details of the store's operation;
- Increase significantly the training and management education these store managers receive;
- Provide more attention to recognizing their accomplishments; and
- Rethink the kind of supervision their future store managers will need.

These companies will continue to follow some of the lessons from Japan reported in a previous Coca-Cola Retailing Research Council report: develop a strong statement of company philosophy, build a team of senior executives committed to it, and use the store managers as their deputies in the day-to-day implementation of the philosophy.

This careful attention to the company philosophy can allow businesses to become big without being bureaucratic. Their store managers can function as limited entrepreneurs, operating within the overall philosophy while keeping the store oriented to its particular customer's requirements. Automated information systems can both help store managers deal with the increased complexities of their jobs and provide a safety net for company managements as they selectively relax headquarters control.

The managerial collar is slipping farther down many companies' organization hierarchies. Department heads are becoming as important as some store managers used to be. Store managers of the larger stores are assuming responsibilities as significant as some former district managers. And an increasingly difficult economic climate will put the spotlight on store managers in ways it has never been before. This, in turn, will require many companies to re-examine their approach to developing and managing this key figure.

APPENDICES

Appendix A

HOW THIS STUDY WAS DONE

Information and viewpoints from a variety of sources, both inside and outside the food industry, influenced the recommendations of this study. The members of the Coca-Cola Retailing Research Council played a significant part in identifying the questions the research effort was directed to help answer and in providing detailed position descriptions, organization charts, and other information about how they, individually, managed their larger stores.

One of the most useful information sources was the series of structured interviews Arthur D. Little researchers conducted with store managers from eight companies. These chains volunteered to have one of their managers participate in the study on a completely confidential basis. None were members of the Coca-Cola Retailing Research Council.

The companies selected were representative of both centralized and decentralized styles of management. Stores that carried primarily food, as well as combination stores, were visited in a variety of locations: New England, the Mid-Atlantic, the Midwest, and the West.

Each participating company was asked to select its highest performing manager among those responsible for their largest stores. Each was visited in his store, and several hours were spent discussing what he felt were the elements of his job and how these responsibilities seemed to be changing. Also discussed were issues related to pay, training, automation, employees, and (occasional) obstacles he received from his company management. An effort was made to talk to as wide a range of managers as possible. One ran an East Coast store that sells \$1 million a week of food and merchandise; another had 100% of his compensation paid as a bonus based on his store's gross profit margin.

Taken as a whole, these eight managers were considered representative of the diversity that will characterize the managers of the large store of the future. The extent of their responsibilities is indicated by these statistics about their stores as a group:

	Average	Range
Total size	62,000 sq.ft.	30-122 sq.ft.
Annual volume	\$34 million	\$10-52 million
Full-time employees	83	30-154
Part-time employees	161	60-230

In addition to these visits, discussions were also held with executives responsible for preparing future store managers in two large, nationwide chains, and the president of a third major chain was interviewed. Several industry observers' views about what it will take to manage food stores in the future were obtained and a literature search was conducted to identify relevant books, articles, and reports.

Finally, as a way to test preliminary hypotheses, a mail survey was conducted of 90 chief executive officers and senior managers of the largest U.S. food retailing companies. Fifty-two of these executives responded to the survey. Its results and their comments appear throughout this report.

Appendix B

FOR FURTHER READING

Two of the most helpful authors about what the management job really requires in terms of the task and the manager's makeup are Peter Drucker and Harry Levinson. As the job of directing the store becomes more of a management task and less of the first-line supervisor's work, their writing should have renewed relevance for store managers and those who manage them.

Two of their books of special interest are:

- Peter Drucker's Management: Tasks, Responsibilities, Practices (Harper and Row, 1973).
- Harry Levinson's Executive, formerly The Exceptional Executive (Harvard University Press, 1981).

Another management scholar who has gone to great lengths to identify what managers *actually do*, as opposed to what they say they do, is Henry Mintzberg. Many of his thoughts are concisely presented in the article "The Manager's Job: Folklore and Fact." It appeared in the July-August 1975 issue of the Harvard Business Review.

For more on how managers can use culture as a tool to get things done, see:

- Terry Deal and Allan Kennedy's Corporate Cultures (Addison-Wesley, 1982).
- Thomas Peters and Robert Waterman's In Search of Excellence (Harper and Row, 1982).

The January 1983 study produced by the Coca-Cola Retailing Research Council, Lessons From Japan, does a valuable job of suggesting ways American store owners can apply the management concepts used by the Japanese. Culture and the use of a corporate philosophy are some of the key concepts discussed.

To read more on how to set up assessment centers and plan career paths, these two books are valuable:

- Robert Finkle and William Jones' Assessing Corporate Talent (Wiley, 1970).
- Edgar Schein's Career Dynamics: Matching Individual and Organizational Needs (Addison-Wesley, 1978).

Details about especially effective compensation practices are presented in:

- Edward Lawler's Pay and Organization Development (Addison-Wesley, 1981).

A practical guide to organization development techniques that can be applied by the future store manager as he builds the store culture is:

- Jack Fordyce and Raymond Weil's Managing With People (Addison-Wesley, 1971).

Burnout and methods of enriching jobs are discussed in:

- Harry Levinson's "When Executives Burn Out" (Harvard Business Review, May-June 1981).
- Robert Ford's Motivation Through the Work Itself (American Management Association, 1969).

Finally, senior managers interested in the details of how chief executives go about forming a top management team and building a companywide culture should look for Harry Levinson's latest book. It is to be published by Basic Books in the fall of 1984, and is titled CEO: Corporate Leadership In Action.

Appendix C

GLOSSARY

Here are some short working definitions of several terms and phrases used in this report:

ASSESSMENT CENTERS: An approach to selecting future managers that commonly uses a 2-3 day series of exercises that simulate the future manager's actual day-to-day tasks. Candidates often go through these centers in groups, and their performance is judged by several raters who have actual experience in the job for which they are being considered.

BURNOUT: The feelings of frustration, helplessness, and exhaustion that some managers feel after long periods in high-pressure jobs when little support is provided to them by the rest of the company.

CENTRALIZED MANAGEMENT: An approach that limits authority and responsibility to a relatively small number of managers in a company or store.

COMPUTER-ASSISTED ANALYST: The aspect of the store manager's role that involves using store-based automated information systems to make plans and monitor operating results.

CULTURE: The shared values and beliefs that help tie the employees in a store or company together and determine much of their day-to-day behavior.

CULTURE BUILDER: The aspect of the store manager's role concerned with creating and maintaining a set of attitudes in all store personnel that reinforces the overall impression the manager wants customers to have when they visit the store.

DECENTRALIZED MANAGEMENT: An approach that uses delegation to spread responsibility and authority to a relatively large number of managers throughout the company or store.

HANDS-ON SUPERVISOR: The role of the "traditional" store manager, characterized by close involvement in the details of all aspects of the store's operations.

LOCAL STRATEGIST: The aspect of the store manager's role that involves focusing the assortment of merchandise and services in the store on the specific needs of its local customers.

MANAGERIAL DELEGATOR: The role of the larger store's manager, characterized by the store manager granting considerable responsibilities to the individual department heads.

MANAGEMENT-BY-EXCEPTION: An approach that involves the manager's setting targets and then focusing most attention in areas that do not achieve them (the "exceptions").

MENTOR: An individual, usually an experienced senior manager, who forms a close coaching relationship with a potential or new store manager.

ROLE MODEL: An individual with many of the characteristics most prized by a company in its managers. Other managers are encouraged to imitate their behavior as appropriate.

SPAN-OF-CONTROL: The number of people that directly report to a manager.

STORE OF THE FUTURE: A prototype store with total size between 45,000 and 100,000 + square feet; annual volume from \$20-75 + million; and 50 to 100 + full-time employees and 100-200 part-time workers.

STRATEGY: A plan for the consistent allocation of a company or store's resources over the long-term that considers both the company's capabilities and the competitor's likely actions.

THEORY X: An approach to management that assumes workers are lazy, do not want to work, and need to be closely monitored and prodded.

THEORY Y: An approach to management that assumes employees are interested in making a contribution and that the role of management is to encourage their participation and involvement in planning and doing the job.

THEORY Z: An approach to management that involves the manager's getting things done by building a strong culture in the store or company. The culture is created around a philosophy or set of ideals that are widely shared by the employees.

Other Study Reports by The Coca-Cola Retailing Research Council

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- Social Trends and Food Retailing
- The Impact of Energy on Food Distribution in the 1980s
- An Economic Analysis of the Food Distribution Industry in the United States
- Productivity Improvement Techniques and Strategy for the Supermarket Industry
- Planning Your Financial Growth in the 1980s
- Lessons from Japan

*For copies of these past reports or this report, please write
Woody Bates, Vice President, Trade Development, Coca-Cola USA,
P.O. Box 1734, Atlanta, GA 30301*

