

# SELECTED CASE PROBLEMS IN RETAILING

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**SELECTED CASE PROBLEMS IN  
RETAILING**

**PRENTICE-HALL, INC.**

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## P R E F A C E

Selected Case Problems in Retailing is divided into ten sections. The first section deals with store organization, immediately taking the reader behind the scenes and arousing his interest in how a store functions. The second section, dealing with store location and the problems of leasing, soon makes it apparent that, whether small or large, a retailing operation is not a simple undertaking, and that there are many facets to the location and expansion of a retailing enterprise.

Section three deals with merchandise policy and selection, covering typical problems of department stores, specialty stores, and chain stores. Section four treats of the closely related problems of buying and pricing and is appropriately followed by a section on merchandise control.

Section six covers sales promotion. Section seven deals with advertising, display, and department location, the latter being regarded as an aid in sales promotion.

Section eight includes customer services; section nine, personnel management and store operation; and section ten, accounting, credit, and finance. The book concludes with a case on financial and other considerations involved in engaging in a small retailing venture.

Most college and university graduates enter the retailing field in the employ of a department store, a large specialty store, or a chain store organization. This is likely to be the case even though they ultimately may set up a retailing business of their own. It should not be supposed, however, that this book is suited primarily for the study of large retail institutions. The cases have been selected with a view to problems of universal application in the retailing field, whether the enterprises be large or small. The book includes many cases drawn from small business enterprises commonly engaged in by beginning retailing entrepreneurs, such as clothing, confectionery, drug, hardware, and furniture stores.

Case material has been assembled with the assistance of five advanced graduate students: Keith L. Beekman, Nicholas A. Glaskowsky, Jr., Joseph F. Jackson, Richard McElyea, and Clinton L. Oaks, all working within a relatively short period of time, 1954-1955. As a result, the cases selected are up-to-date and cover a wide range of retailing problems. The author is indebted to the many store executives who have given so generously of their time and experience to make these presentations possible. For the sake of preserving store anonymity, their names are not included here, and all store names have been disguised under fictitious titles.

There is particular emphasis on problems connected with the branch store movement, leasing in suburban shopping centers, self-service and self-selection, night store openings, and vendor and employee relations. Some cases are quite complete within themselves and may be the basis for written reports; others are less detailed and intended simply as a springboard for discussion. Although the cases are arranged in a logical sequence for consideration, they may be adapted to fit the individual concept of instruction.

In the process of studying the case situations described, the reader should gain a measure of "feel" for retailing. The cases should not be used by themselves, however, but with a backdrop of reading in retailing. To assist in this coordination with background reading, an index is provided, keying the cases to some of the more widely used retailing books.

It has not been possible to present every phase of retailing operation, as an author might attempt to do in a retailing text. Working with these cases, however, should afford a better understanding of typical problems involved in the management of retailing enterprises and should increase one's capacity for making decisions based on the careful consideration of related facts.

David E. Faville

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# Store Organization

## 1 NOLAND COMPANY

- *DEPARTMENT STORE*
- *Organization*

The Noland Department Store gave department managers and assistants a "Spring Quiz" consisting of problems or case studies for which they were to turn in written solutions. A preface to the quiz, signed by the general manager of the store, was as follows:

For several years we have been talking organization. We have talked line authority and functional authority; we have tried to explain clearly the authority and responsibility of all positions. We have tried to divide work among men and women executives to the end that maximum efficiency would be attained in accomplishing our objectives. We have done this because good organization is most important and necessary in order to conduct a successful enterprise. Let me quote:

Every large-scale or complicated enterprise requires many men to carry it forward. Wherever many men are thus working together, the best results are secured when there is a division of work among these men. The theory of organization, therefore, has to do with the structure of coordination imposed upon the work division units of an enterprise. Hence, it is not possible to determine how an activity is to be organized without, at the same time, considering how the work in question is to be divided. Work division is the foundation of organization; indeed, the reason for organization.

Now, no matter how much we have discussed organization, no matter how clearly we feel we have defined the divisions of work in our store, practical problems which cause confusion come up frequently. From time to time we have listed these problems as case studies and have arrived at a proper decision by discussion with our executives. Feeling this the best way to clarify any misunderstandings of the proper division of work, we are continuing this practice.

Attached are ten problem cases (actual cases which have come to our attention, edited so that names, places, and faces will not be recognized).

Indicate your answers to each of the ten questions, giving reasons for the decision presented.

1. On three different occasions, a department manager asked his divisional merchandise manager if he could take a markdown on certain imported merchandise that was not selling. The answer was "No." One day the general merchandise manager stopped by and asked the department manager why he did not mark down this merchandise. The divisional manager was present but did not say anything about the refused markdowns. What should the department manager say or do?

2. A salesperson, knowing the department manager is responsible for his department, asked him for an increase in salary. The department manager answered that he had nothing to do with such matters and that she should ask the Personnel Department. What should she do?

3. A department manager wishes to secure some new fixtures for his department. Should he (1) get the O.K. of his divisional merchandise manager, (2) call the carpenters, or (3) arrange with the superintendent?

4. A department manager was dissatisfied with the service of the inspector-wrapper in his department. He reprimanded her severely, and she was resentful. Was her resentment justified?

5. A general bulletin announcing a change in procedure was sent to the floor. The assistant, in the presence of others, said, "Huh, some more of this stuff!" Later, the department manager saw it and remarked, "This is a lot of hokey. We'll do this the same as we always have." Should the assistant and the salespeople follow the instructions of the bulletin or their department manager?

6. Two salespeople considered the same good customer to be their own "personal trade." The animosity resulting was being carried into other matters and was disrupting the whole department. The department manager did not want to take sides with either one. What should he do?

7. A good salesperson feels that for some unknown reason her department manager dislikes her and is discriminating against her. The situation makes her unhappy. She knows the merchandise in that department and has a good sales record. With whom should she discuss her problem?

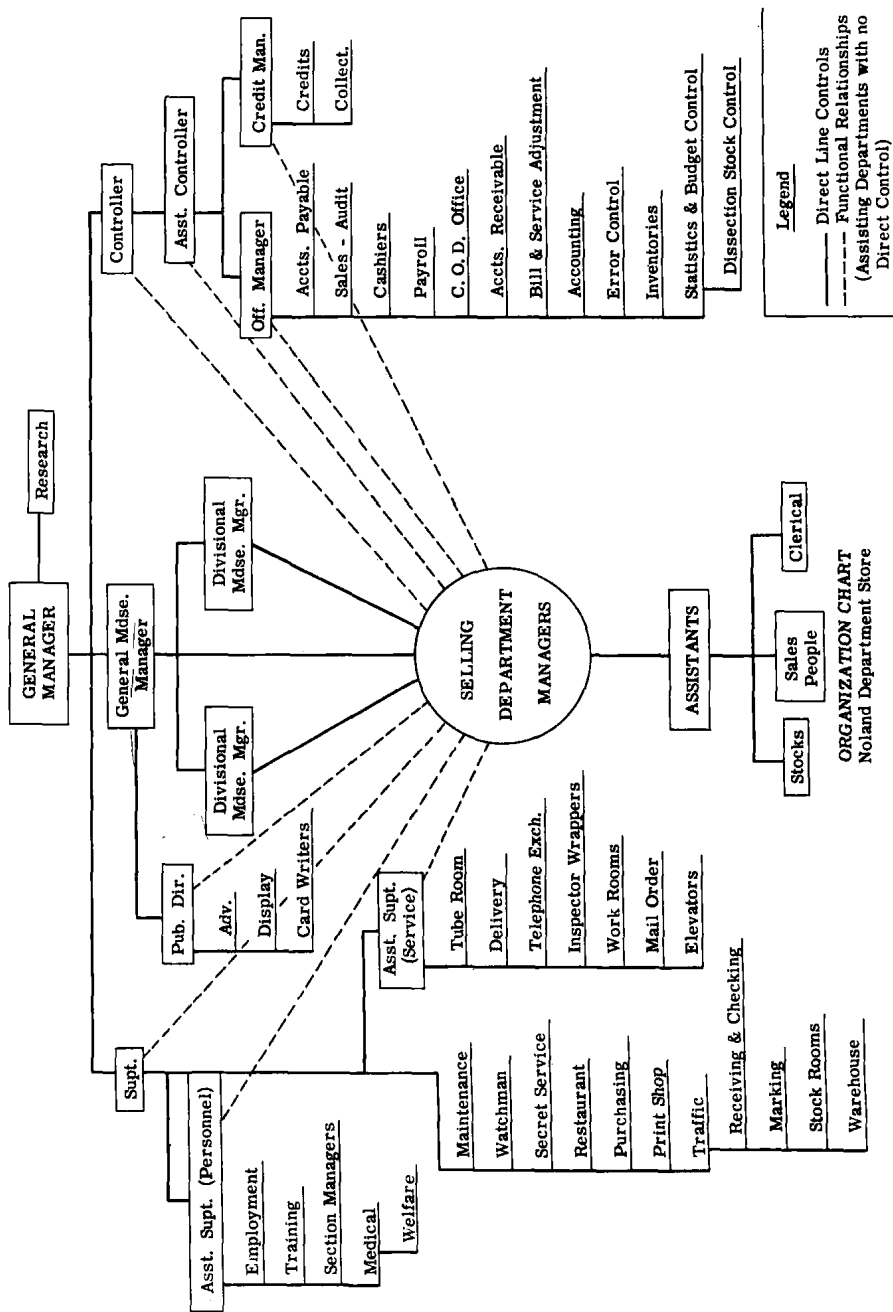
8. A department manager handed the inspector-wrapper a package to be wrapped without a salescheck. When the inspector-wrapper balked, the department manager said it was perfectly all right in this case, that he would be responsible, and to hurry up because the customer was waiting. What should the inspector-wrapper do?

9. A department manager believes that his department does much more business when the counters are well-stocked with merchandise. The display manager believes that such a display lowers the display standard of the store and tells the department manager to take the merchandise off the counters. What should the department manager do?

10. A customer buying an article which is sold by competing stores on long-time credit asked the assistant what terms she could have here. The assistant replied that the credit department arranged all terms, but he was "quite certain we would make terms to suit her convenience."

Upon arrival at the credit department, the customer stated she wanted the same terms as advertised by competing stores, and that the assistant said she could get them.

If the terms she asked for were not within the store's credit policy, what should the credit manager do?



## 2 SHAFTER'S

- DEPARTMENT STORE
- *Change in Store Organization to Include a Service Coordinator*

Shafter's was a large and rapidly growing department store located in the downtown district of a large western city. It catered to a medium class of trade and had strong competition from other department and specialty stores in the vicinity.

One of Shafter's major problems was to maintain a proper sales personnel. Harried with the problems of buying and serving an expanding customer clientele, the store's buyers found it difficult to give proper attention to on-the-floor training of salespeople, particularly newly-hired employees. Treating clerks courteously, and getting them started and properly oriented had been difficult to achieve. In some departments, there had been as much as a 100 per cent turnover of sales personnel in the course of a year.

To alleviate the situation, the store's administrative board decided to create the position of "service coordinator" as a liaison position between the store's four divisional merchandise managers and the buyers. It was understood that this post was on an experimental basis and could be abolished either if it failed to work out satisfactorily or if, after a time, there was a change in the store's personnel problem.

The functions of the new office had been explained by members of the administrative board at a meeting of the buyers, and each buyer had subsequently received from the personnel office a job description of the service coordinator's duties. There were to be four service coordinators, as shown in Exhibit I, each to be chosen for his proven executive ability and demonstrated tact in getting along with people. Service coordinators were to be selected from among the store's existing personnel, primarily from the service department. Each service coordinator was to have from twenty to thirty buyers under him.

Explaining the new post to the buyers, the store superintendent described some of the duties and services as follows:

One of the prime functions of the service coordinator will be to budget sales people. As you know, 40 to 50 per cent of our business is done be-



## SHAFTER'S DEPARTMENT STORE

## President



tween 11:30 and 2:30. It will be the service coordinator's job to see there is sufficient sales force available on the floor at those peak times. No more of this calling the personnel office and saying, "Give me three people, I'm swamped." The service coordinator will relieve you of this responsibility.

You wonder how these miracles will be performed? Well, by having lunch scheduling in the hands of one person for a lot of departments; by having a "flying squad" of contingent help available for assignment where we anticipate sales will be heaviest; by bringing in more part-time help. For example, the glove department does most of its business in late afternoon. We will have special salespeople brought in at noon to relieve the lunch-hour pressure and then stay on for the glove department. We are going to have as many short-hour people as full-time help.

The hiring and firing of all salespeople in the department will be up to your service coordinator. You will be relieved of part of your sales training responsibilities. It will be his duty to increase the production of your salespeople and cut down your sales expense. He is going to try to help your buyers cut down expenses in other ways, too, by getting the salespeople to encourage customers to carry more of their own packages. He will get clerks to use scratch pads instead of bags to do their figuring. He is going to help you with merchandise control. You are going to find fewer 39-cent stickers on 59-cent socks. The coordinator's job will be to catch mistakes of this sort. Reduction of expensive waste is his job. He is going to put us all on our toes.

#### MEMO FROM PERSONNEL DIVISION JOB DESCRIPTION OF THE SERVICE COORDINATOR

The service coordinator is the divisional merchandise manager's assistant for all service and personnel functions. His authority over the buyer on behalf of, and acting for, the divisional merchandise manager covers divisional matters pertaining to

- I. Service
- II. Expense control
- III. Personnel
- IV. Selling-floor operations and systems

He is also responsible to the store superintendent and personnel director, in a staff capacity, for the performance of the above functions.

#### RESPONSIBILITIES

- I. Service
  - A. Quantity of salesclerks
  - B. Quality of salesclerks
  - C. Flexibility of sales force within division and store
  - D. Requisition of additional help
  - E. Service supervision
    1. Supervision of floor superintendents' performance
    2. Observation of floor wrapping, cashiering, delivery performance and expense, and coordination with appropriate nonselling departments
    3. Supervision of proper housekeeping and care of merchandise
    4. Supervision of division mail orders, phone orders, and special orders, and coordination between buyers and appropriate departments.

**II. Expense control**

- A. Planning and operating selling-floor personnel budgets with acceptable standard of service at lowest possible cost
  - 1. Proper relation of full-time to short-hour to Saturday-only
  - 2. Supervision of scheduling of vacations, lunch and relief periods
  - 3. Improvement of production performance
  - 4. Reduction of waste
  - 5. Merchandise control methods within the division
  - 6. Approval of supply and work requisitions
  - 7. Maintenance

**III. Personnel administration (insofar as there is no conflict with the established store-wide personnel division departments)**

- A. Interview and approval of prospective employees
- B. Enforcement of store personnel policies, rules, regulations, and state labor laws
- C. Initiation of staff personnel requisitions, transfers, warnings, discharges, layoffs, promotions, salary changes, and changes of schedule
- D. Maintenance of necessary employee performance records (not centrally controlled) for the appraisal of salesclerks' performance
- E. Handling of special or exceptional personnel problems arising within the division
- F. Maintenance of discipline and morale
- G. Participation in staff job reviews
- H. Supervision of on-the-job training in merchandise and systems
- I. Supervision of divisional follow-up on errors

**IV. Operations and systems**

- A. General supervision for adherence of all divisional employees to established operational procedures and methods
- B. Serving as consultant on proposed systems and changes to systems affecting over-all store operating procedures; approval of all divisional system changes with recommendations to store superintendent when they affect general store operations
- C. Adjustment, analysis, and prevention of complaints and returns
- D. Research and action on special problems peculiar to departments within division
- E. Arrangement for selling-floor operation of special sales and promotions

**Should the store have established the position of store coordinator in its organization?  
What difficulties were likely to arise in connection with doing the job?**