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战略零售管理 英文版

大卫·E.贝尔、沃尔特·J.萨蒙

正版

哈佛商学院案例教程

Strategic Retail Management Text and Cases

David E.Bell, Walter J.Salmon



东北财经大学出版社

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F713.32
32
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223/7

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图书在版编目 (CIP) 数据

战略零售管理: 英文/(美) 贝尔 (Bell, D.E.) 等著 .—大连: 东北财经大学出版社, 1998.4

(正版哈佛商学院案例教程)

ISBN 7 - 81044 - 359 - 3

I. 战… II. 贝… III. 零售商业—商业管理—英文 IV. F713.32

中国版本图书馆 CIP 数据核字 (98) 第 05373 号

辽宁省版权局著作权合同登记号: 图字 06—1998—37 号

David E. Bell, Walter J. Salmon: Strategic Retail Management: Text and Cases

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东北财经大学出版社出版

(大连市黑石礁尖山街 217 号 邮政编码 116025)

东北财经大学出版社发行

北京万国电脑图文有限公司制版 沈阳新华印刷厂印刷

开本: 787×1092 毫米 1/16 字数: 1 266 千字 印张: 50.75 插页: 2

1998 年 4 月第 1 版

1998 年 4 月第 1 次印刷

策划编辑: 方红星

封面设计: 韩 波

定价: 82.00 元

ISBN 7 - 81044 - 359 - 3/F·1044

出版者的话

当今的世界是一个变革的世界，政治体制在变革，经济结构在变革，管理方式在变革，思想观念在变革……从东方到西方，从中国到世界，一切无不处在变革之中。毫不例外，管理教育也正面临着一场深刻的变革。在以 MBA (Master of Business Administration, 通常译为“工商管理硕士”) 教育为主干的应用型管理教育大行其道的同时，一种以经典案例为主要素材、强调培养实务操作能力、反对一味灌输抽象理论的所谓“案例教学法”(Cases Methods) 逐渐取代了传统的管理教学模式，并以惊人的速度风靡全球。

作为世界 MBA 教育发祥地的美国哈佛大学工商管理研究生院 (Graduate School of Business Administration, Harvard University, 通常简称 Harvard Business School, 即“哈佛商学院”), 同时也是管理专业案例教学的首创者和积极倡导者。哈佛商学院经过近一个世纪的发展, 已经无可争辩地登上了全世界 MBA 教育的制高点, 哈佛商学院 MBA 已经成为全球企业管理界一块光芒四射的“金字招牌”。个中原因除了素来坚持严格的学员遴选制度之外, 主要应归功于独具一格的案例教学方法。

毋庸讳言, 我国的管理教育尚处于“初级阶段”, 亟待借鉴发达国家的成功经验, 包括先进的教学方法、权威的教学素材和科学的教学体系。为此, 我们通过多方努力, 终于开通了一条通过合法途径引进哈佛商学院案例教程的渠道, 并及时推出了首批十余种图书。按照预定计划, 我们将在今后两到三年内, 陆续推出哈佛商学院 MBA 其他主干课程案例教程的英文 (影印) 版和相应的中译版, 以满足国内管理教育尤其是 MBA、经理培训项目 (ETP) 师生和其他有关人士的迫切需要, 为推动我国管理教育改革和向国际接轨的步伐贡献一份绵薄之力。

对于本套系列教材在选题策划、翻译、编辑、出版以及发行工作中存在的缺点和不足, 恳请广大读者不吝指正, 我们在此先致谢忱!

东北财经大学出版社

1998 年 3 月

P R E F A C E

The primary purpose of this book is to help attract and develop the human capital which retailers and related entities such as suppliers, landlords and bankers require to innovate and effectively operate distribution systems in free enterprise economies. To accomplish this goal, this book includes cases, readings, and "notes." The latter are in effect readings that provide supplementary knowledge and concepts to help resolve the challenges set forth in the cases.

The cases, which are the backbone of this publication, identify and provide information about critical and contemporary issues confronting retailers. How, for example, should a highly regarded operator of shopping centers, in view of major changes in shopping behavior, reposition two major regional malls to sustain and preferably improve their consumer appeal and profitability. Discussion and analyses of these cases in conjunction with the supplementary materials enhances interest and knowledge of retailing. Most importantly, it increases capacity to deal effectively with the critical issues confronting retailers and related parties.

To provide readers with a comprehensive overview of retailing, most of its major sectors are described in one or more of the cases included in this book. Thus some of the cases focus on the problems of some of industry's newer participants such as power retailers and electronic/mail-order retailers while others are concerned with more traditional branches of the industry such as discount and traditional department stores as well as supermarkets.

Although the nature of retailing issues, like the problems faced by most businesses, makes it difficult to write real and dynamic cases concerned only with one business function, the cases and other materials are grouped to provide a systematic examination of the industry. Three modules concerned with the strategic and tactical marketing and merchandising problems confronting retailers are at the beginning of the book. How the organization and systems have to be configured to deal with these problems is the subject of the book's fourth module. In view of the importance of "location" in retailing, the book's fifth module is dedicated to real estate issues. The final two modules focus on entrepreneurial issues in retailing with particular emphasis on international retailing and home shopping.

The issues set forth in this book should be of interest to able students of consumer marketing and distribution at various stages of their education. MBA students and executives at middle and upper management levels, however, usually benefit most from studying and discussing the intellectual challenges embedded in the cases.

In preparing for case discussions, students should review the study questions (provided by the instructor), and initially read the entire case quickly. Then they should endeavor, from a detailed and thoughtful review of the relevant information in the case, to prepare responses to the study questions. If time allows, class preparation should also include identification of important issues not necessarily addressed in the study questions and an overall plan of action to implement the suggested responses to the case issues.

To help guide the discussions of the cases, there is available, from the publisher, an associated instructor's manual. This manual includes suggested study questions, lines of reasoning that respond to these study questions, analysis, and teaching strategies.

ACKNOWLEDGMENTS

The authors are indebted to the Harvard Business School and its many supporters for the financial resources to research and write the cases and other materials in this book. We are equally grateful to the many organizations who allowed us to develop cases, who gave freely of their time, and often entrusted us with confidential information. They have done their best to help us contribute to the education of present and future retailers as well as those who are allied with retailers in helping to bring consumers a better standard of living.

David Bell
Walter Salmon
Boston, Massachusetts
June 16, 1995

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INTRODUCTION

RETAILING IN THE AGE OF EXECUTION

Evidence abounds that now, more than ever, retailing has become a business in which excellence in execution will distinguish winners from losers. Achieving excellence in execution, however, will require emphasis on different skills in the future than in the past.

This article first provides two kinds of evidence to show that skills in execution are of growing importance. Second, the paper explains why there is a shift in the mix of skills needed to achieve excellence in execution. Third, those skills of increasing importance in execution in retailing are described. Particular emphasis is placed upon attracting able rank and file employees and doing an outstanding job in motivating them.

IMPORTANCE OF EXECUTION

Evidence about the importance of execution in retailing arises from examining both old and new forms of retailing. While debatable performance has been a factor in the consolidation or recapitalization of four of the major department store groups, another department store company, Dillard's, remains a favorite of both consumers and investors. Dillard's installation of an on-line merchandise information system almost a generation before its department store competitors has been a major factor in its superior performance. This edge in execution helped Dillard's both improve the performance of its existing divisions dramatically and revitalize rapidly the sick department store operations which it acquired.

Wal-Mart's track record provides additional evidence of the importance of execution. Frequent service from nearby warehouses, an excellent management information and communication system, and store employees motivated by more responsibility than their counterparts in most other chains, as well as extra recognition and profit sharing, have helped make Wal-Mart an unusually cost effective competitor. The result has been lower Wal-Mart prices, higher sales per square foot, dramatically higher profits, and enviable growth in market share.

Exceptional skills in execution have also sustained the leadership of certain innovators in retailing. Price Club's superior performance compared to other warehouse clubs is in part due to its consummate concern with reducing expenses. Home Depot's leadership position among operators of warehouse home centers is related to exceptional skills in motivating employees to render attentive service. Similarly Toys R Us's ability to remain in stock more than its competitors has helped distinguish it from other toy supermarket chains. These pioneers have combined a unique strategy with excellence in execution. While most of their clones have adopted highly similar strategies, lack of comparable excellence in execution has been a major factor in their substantially inferior performance.

IMPACT OF ABUNDANT CAPITAL RESOURCES

Another factor that heightens the importance of execution in retailing is the abundant capital for innovators and their clones. The recent explosion in office supply warehouse operators is case in point. Staples, a company headquartered outside of Boston, and financed largely by professional venture capitalists, originated the concept in 1985. Although Staples was in the process of an initial public offering and revealing its operating results in the winter of 1988/89, there were already more than a half dozen clones in operation around the United States. Some were subsidiaries of established retailers seeking diversification and/or pursuing the "grass is always greener" theory. Most were financed by professional venture capitalists.

Retailing has obviously become an area of intense interest for venture capitalists. Some represent the traditional pools of venture capital money who perceive the rapid consumer acceptance of new ideas in retailing as an opportunity for a high return. Others, a newer breed, are venture capitalists dedicated to retailing, which puts additional pressure on them—maybe too much pressure—to put their money to work. The consequence of the abundant funds available for investment in retailing is the virtual elimination of the time period before which a new idea is cloned. Thus, even those who pioneer new concepts in retailing must almost immediately become excellent in execution if they are to enjoy the fruits of their innovations.

IS MERCHANDISING THE KEY?

Traditionally, the conclusion that execution was increasingly important for sustained success in retailing would have implied the need for further improvement in merchandising skills. While merchandising remains an important element in great execution, providing what the customer wants now demands more attention to other disciplines.

There are several reasons why merchandising skills are no longer as paramount in retailing success. More working women, who, like men, prefer traditional clothes for work is one reason. Merchandising skills—particularly their taste component—may be less important in selecting apparel for women more interested in tradition than change.

Second, apparel as a means of self-expression may be less important today than home, health, food, cooking, fitness, and travel. If so, purveyors of taste in selecting apparel may have less magic than formerly in attracting consumer patronage.

Third, time constrained consumers may typically find shopping more chore and less pleasure than their predecessors. Instead, they want convenience. This can mean more shopping at home, witness the accelerated growth of mail order sales. If they continue to shop in stores, then quickly finding what they want in-stock, obtaining efficient sales assistance if required, and minimizing checkout or transaction time may be their goals.

Fourth, if consumers value home, health, food, fitness, and travel more and clothing less, they may have more interest in apparel retailers that emphasize low prices and less in those that are at the forefront of fashion.

Fifth, product changes may also be diminishing the importance of merchandising skills as a key to success in retailing. Technology that results in better products, government regulations that force publication of product content and assure product safety, and brand names that have important meaning to consumers all suggest that consumers may look less to retailers for assurance of product quality and taste. The names Liz Claiborne and Ralph Lauren may offer consumers more reassurance than the stores in which they are sold.

In combination with the transfer of responsibility for consumer reassurance from retailers to others, there is another "product factor" that changes the skills retailers need to satisfy consumers. The importance of brand names and the rapidity with which retailers can duplicate each other's selections may make differentiated assortments elusive for retailers to achieve.

and invisible for consumers to perceive. If consumers can find similar assortments of brand name merchandise in a number of stores, then which store they choose may no longer be primarily related to differences among retailers in merchandising skills.

Sixth, changes in technology as well as changes in consumers and products affect the environment in which retailers operate. The most significant technological change, of course, has been the explosion in information/communication systems.

Mastery of the information/communication explosion has profound implications for retailers. It can result in greatly increased spans of control, new ways of subdividing jobs, and significant shifts in responsibilities between headquarters and field or store organizations. It is possible to either centralize more responsibilities based on sound and current information or decentralize certain responsibilities without loss of control.

Together with the aforementioned changes in consumers, products, and technology, the changes in retailing itself dictate different emphasis on the skills the industry demands. Foremost among these changes is the replacement *first* of the individually owned and operated downtown emporium by the downtown store and its suburban branches, *and* the subsequent migration of this concept into regional, national, and now international chains of stores.

A second change of equal managerial significance in retailing is the explosion in types of retailing competing for consumer favor. Chains of discount department stores, specialty discounters, specialty apparel stores with selections equal in quality and fashion to department stores, and off price or non-continuity retailers have essentially arisen in the last thirty years or less.

Retailing has, in addition, been changed by the transformation of procurement practices. International sourcing has to a considerable extent replaced more proximate sources of supply. Changes in the scale and diversity of retailing, and now its internationalization on both the demand and supply side, mean that marketing, organization, and management information systems, as well as logistical and accounting skills, will be more important than ever before in achieving excellence in execution in retailing.

A final profound and more recent change in retailing has been the decline in the supply of labor. The implications of this development for such a labor intensive industry are not yet fully understood. Retailers who fail to adjust to this reality will find themselves increasingly threatened competitively.

NEW KEY SUCCESS FACTORS

What then are the key success factors to enhance retailing success in the future? They are:

1. Marketing skills
2. Organization skills
3. Logistical skills
4. Management information system skills
5. Accounting skills
6. Rank and file worker changes

A danger is, however, that retailers will go about improving their skills in these areas on a piecemeal basis and without recognizing how interrelated they are with each other and with the marketing mission of the firm. Future retailing success will demand more than excellence in each of these areas. These skills must be so interrelated with each other and the marketing mission of the firm that the totality represents a *culture*, which is outstanding in satisfying both consumers and employees.

Nordstrom is an example in certain respects of such a culture. Its marketing policies of overwhelming assortments crafted to the needs of each store, its excellent service, and its unique ability to attract and motivate outstanding people are highly interdependent. Without overwhelming assortments, it would be harder to attract great salespeople since such individuals regard these assortments as their principal selling tool. The motivation of these able salespeople is then additionally augmented by their involvement in the composition of their store's inventory. This psychological commitment to the inventory also means that employees will have a vested interest in helping Nordstrom minimize markdowns. In examining the individual skills and disciplines discussed below, the importance of the interrelationships among them which the Nordstrom example illustrates should not be forgotten.

Marketing Skills

First, although not necessarily foremost, among the skills required in this age of execution is marketing skill. Selecting a target market and articulating its needs and wants, even if the market itself cannot articulate them, and determining how to satisfy these needs and wants better than competition constitutes the marketing skill a retailer requires.

Why retailers need more marketing skills can be explained by two factors. The emergence of significantly different demands among target markets means that retailers have to choose more precisely which of these target markets they wish to serve. One formula that will satisfy most consumers for most lines of merchandise and most purchase occasions is an anachronism. Secondly, growth in the diversity of types of retailers means that analyzing competition is a far more complex task than formerly. The department store merchant who only compares the strength and weaknesses of his marketing offering to other department stores is probably failing to assess his most powerful competition. Thus the heightened complexity of competitive analysis demands more marketing skill.

More marketing skill should not be confused with more emphasis on merchandising. Retailers have often confused the two and emphasized unduly the latter. Formulating a market program is the essential point of departure for creation of a sound merchandising strategy. Too often retailers have floundered because their merchandise assortments and other elements of their merchandising program did not serve a specified target market better than competitors.

Organizational Skills

Perhaps even more vital than marketing skill for many retailers is more organizational skill. Department stores represent the most compelling example of the need in retailing for more organizational skill. At headquarters there are all sorts of organizational anomalies.

Low pay at all but senior levels, narrow spans of control in terms of range of merchandise being purchased and sometimes the number of stores for which it is being bought, purported responsibilities for buying, as well as planning, inventory management, and communication with the selling organization, intense supervision, and accelerated turnover characterize department store headquarters organizations. At the same time that headquarters personnel are overwhelmed, store level employees find themselves with too much grunt work and too little brainwork. The results have been catastrophic. Able young people often shun department stores, which they frequently confuse with the retailing industry; those that don't shun it, often leave it out of frustration. Opportunities for vendor clout and international procurement are not maximized. Turnover leads to inadequate familiarity with merchandise, vendors, customers, and colleagues. Finally, these organizations offset in numbers of bodies what they save in individual pay. The result is an expense albatross that succumbs only to LBOs, restructuring,

takeovers, or the threat of these events. Instead of these currently calamitous arrangements, more organizational skill could lead to:

1. Buyers with professional status and pay, and with wider spans of control in terms of breadth of merchandise and number of stores for which they make purchases.
2. Delegation to able, other individuals within the merchandising organization of responsibility for inventory planning and management, and store communications.
3. A reduction in the intensity of supervision of buyers consistent with their higher pay, more professional status, and quite probably extended longevity in the same position.
4. A willingness to provide the remaining buyers and merchandise managers with the opportunity to formulate marketing, merchandising, and management strategies consistent with how consumers want to buy particular merchandise rather than having a consistent but less relevant strategy for the whole store.
5. Sharing of responsibilities in agreed upon ways, with store-line executives for the planning and execution of merchandising responsibilities.

Logistical Skills

Equal in importance to strong organizational skills are sound logistical skills. Except for the better managed food retailers and a few general merchandise retailers such as Wal-Mart and the Limited, these are in short supply in retailing. The result has been the twin curse of too much inventory and too many stockouts as well as excess inventories in one store when they are needed in another.

A higher order of logistical skills would manifest itself in a number of ways. On staple, longer life cycle merchandise, which includes items as disparate as toasters, women's hosiery, and men's white dress shirts, a manifestation of superior logistical skills would be just-in-time replenishment directly to the selling floor and the elimination of any store backroom stocks. Only this replenishment procedure provides assurance of a high in-stock condition, rapid inventory turnover, and minimization of handling costs. Resupply of such items directly to the selling floor from the retailer's own central stocks will, in nearly all instances, be the most cost effective means of both executing the just-in-time system and acquiring merchandise at the lowest landed in-store cost.

Contemporary logistical systems for fashion merchandise, on the other hand, demand different techniques. For this merchandise, post-distribution¹ from a responsive central distribution center with the assistance of planner-distributors would represent a state-of-the-art procedure. Only this procedure takes maximum advantage of recent sales history, and minimizes both the cost of merchandise from vendors, and receiving and marking expense.

To implement post-distribution, it may be essential to adopt one of the previously suggested organizational changes, namely the separation of buying from inventory planning and management. Moreover, post-distribution will only work well if also supported by management information systems (MISs) that incorporate on-line receiving, maintain computerized records of hanger or shelf capacity by merchandise class by store, and paradigms that suggest distributions of merchandise among stores based on anticipated sales and current inventories. The need to carefully coordinate changes in logistical arrangements with changes in organizational structure and MIS capabilities is an example of why retailers aiming at attaining excellence in execution cannot achieve this objective on a piecemeal basis.

¹ Post-distribution is the allocation of merchandise among stores upon receipt from the vendor. It differs from pre-distribution, which is the allocation of merchandise among stores when the order is placed with the vendor, which usually takes place weeks or months before receipt of merchandise.

MIS Skills

While most retailers have crossed the Rubicon in accepting the rising importance of MIS systems, their indispensability in achieving excellence in execution may not be fully recognized. MIS is the key in retailing to performing a number of vital tasks quickly, accurately, and economically, and to linking and coordinating the activities of individuals increasingly separated by function and geography. MIS will be particularly important to excellence in execution through:

1. UPC and bar coding systems that collect accurately more detailed sales data by customer, SKU, and store. Sales information by customer and SKU will be a vital element in target marketing and in future combination mail order/retail businesses.
2. Exception reporting systems and other types of decision support systems that distinguish between actionable information and raw data, particularly for vendor reorder, markdown, and store replenishment decisions.
3. On-line, interactive systems that involve store personnel in sales and inventory planning.
4. MIS systems that, instead of centralizing decision making, empower rank and file employees to make certain merchandise decisions more accurately. Replenishment of staple items from central stocks is an example of this application.
5. MIS systems that provide data for sound employee scheduling and that provide employees with quantitative feedback about their individual performance, their performance compared to peers, and their work unit's performance compared to its counterparts in other stores.

Accounting Skills

Another area that is crucial to excellence in execution is the enhancement of accounting skills. Retailing has been afflicted by an accounting system, the retail inventory method, that while it is useful in arriving at realistic market values for inventories, has helped spawn a number of injurious by-products. Numbers or targets that frequently conflict with each other—such as the desire for both a higher percentage gross margin and for more sales—is one unfortunate example. Another is the attempt to hold individuals in one function responsible for one set of activities and individuals in another function responsible for different activities, when in fact the individuals in both functions are highly dependent on each other. Finally, the accounting goals to which retailers respond often are inadequately related to maximizing shareholder wealth. To overcome these problems, a number of changes in the accounting practices of retailers are required.

One improvement opportunity would be the frequent generation and dissemination to store personnel and others of accurate store contribution statements. Not only would such statements help retailers understand better their own economics; they would inspire store managers to supervise their stores in a manner more compatible with maximizing shareholder value.

A second accounting improvement would be to focus both buyers and sellers on maximizing contribution per unit of selling space (sales less cost of goods sold and variable expense). Both buying and selling executives must share the same goals to overcome the civil war that often characterizes the communication between them.

Finally, contribution to fixed expense must also be the main basis for performance evaluation and incentive rewards for most buying and selling executives. For buyers, this goal should supersede such fragmented and internally contradictory goals as maximizing sales, gross margin, and inventory turnover. For sellers, this goal would refocus them on what counts for stockholders rather than encourage them to minimize expenses or, even in the most centralized of organizations, to ignore their profound influence on gross margin.

Rank and File Worker Changes

More than any of the preceding means of achieving excellence in execution, however, attaining this goal will depend on the quality and motivation of rank and file employees. A labor shortage which will only get worse, and consumers who increasingly demand reduced transaction time, sales assistance on infrequently purchased, expensive, or psychologically risky purchases, and who even appear to succumb to friendliness, are the essential reasons for this emphasis. To overcome the shortage of people and productively and effectively render the help customers require, there is a need for employees who are:

1. Highly productive
2. Cooperative and competitive
3. Punctual and regular in attendance
4. Concerned with customer satisfaction
5. Loyal and thus familiar with their jobs

The devices available to produce this kind of behavior are:

1. Using people only for those tasks that customers prefer not to do themselves, and for which there are no MIS and/or logistical alternatives.
2. Recognizing that higher paid and higher caliber people typically more than offset their higher wages with higher productivity.
3. Using a variety of devices for raising productivity. These include:
 - Incentive pay such as piecework, commissions, gain sharing, or work unit profit sharing, depending on the circumstances, to stimulate productivity.
 - Examining the possibility of profit sharing and/or Employee Stock Ownership plans.
 - Allowing employees influence on how they do their work, and consistent with store needs, the scheduling of their work.
 - Providing employees with frequent quantitative feedback on their own performance and how it compares with comparable co-workers.
 - Substituting quality for quantity in the supervision of rank and file employees.
 - Using hoopla to enhance the fun and minimize the tedium of many of the tasks of rank and file employees.
 - Avoiding the layoff of all but seasonal employees.

Now, what kinds of organizational characteristics or cultures attract employees with this potential and then help instill it? These cultures usually:

1. Promote exclusively from within.
2. Have high initial attrition and then considerable loyalty from remaining employees.
3. Have few layers of management and wide spans of control.
4. Have an egalitarian environment with respect to pay and privilege.
5. Are at least partially insulated from short-run considerations such as quarterly earnings and high bank debt.

The aim of this kind of culture is to provide employees with excellent pay, a sense of creativity and participation, job satisfaction, and a sense of belonging. A quid pro quo for the retailer is customer satisfaction, and, because of high productivity, acceptable payroll costs. Achieving these goals will be the single most important element in achieving excellence in execution in retailing in the forthcoming years.

Case 1

HILLS DEPARTMENT STORES, INC.

As he reviewed 1988's performance, Steve Goldberger, president of Hills Department Stores, Inc., debated whether to alter Hills' unusual, enduring, and successful strategy. This strategy, which had helped make Hills a consistently profitable \$1.7 billion powerhouse in the discount department store industry, stressed outstanding assortments of first quality (no seconds) soft goods, everyday low prices (EDLP), and a variety of techniques to convince customers that Hills offered consistently superior value. These techniques included clean, neat, but spartan store interiors, the refusal to accept credit cards, and advertising and in-store signing which informed customers that they were the beneficiaries of Hills' frugality. Supporting this marketing strategy was an operating philosophy that shunned ownership or operation of warehouses. Centralized responsibilities for execution of the merchandising plan and strict control of expenses were additional features of Hills' operations.

A number of factors had caused Mr. Goldberger to reappraise Hills' strategy. Sales growth of stores open more than a year had declined to 2.9% in 1988 compared to 3.8% in 1987. Operating Profit had declined from \$103.5 to \$97.7 million, the first such decline in Hills' history. Moreover, soft goods sales, in which Hills had always excelled, were flat while hard goods sales were up 5%. Goldberger acknowledged that there was no further room to expand soft goods assortments since selections may already have become too extensive. Finally, there was the intensification of competition

among discount department stores in general and the prospect of increased competition with Wal-Mart in particular. Wal-Mart was commonly regarded as the most effective and aggressive competitor in the discount department store industry. Goldberger wondered what departures, if any, from Hills' historically successful strategy and the culture which reinforced it were desirable to sustain Hills' successful track record?

HISTORY AND PROFILE

The discount store format had been first introduced into the American scene in the mid-1950s. This then revolutionary concept, particularly in soft goods, offered merchandise which was directly competitive with the lower end of the department store range. The format grew rapidly in the '60s and '70s, surpassing traditional department stores as largest form of general merchandise retailing in United States.

Hills was founded in 1957 by Stephen Goldberger's father, Herbert, based on a strategy of everyday low pricing, outstanding assortments of soft goods and a full assortment of most other merchandise categories typically carried in discount department stores. The first store was opened in Youngstown, Ohio, and from there Hills expanded to include stores in smaller cities and towns in eastern Ohio, western Pennsylvania and northern West Virginia. In 1964 Hills was acquired by Shoe Corporation of America, Inc. (SCOA). Under the

Professor Walter J. Salmon and Research Associate David Wylie prepared this case as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

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Harvard Business School case 589-099.