

HUMAN PERFORMANCE TECHNOLOGY APPLIED TO SUPERMARKETS IN INDIA

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The International Society for Performance Improvement human performance technology model was applied in four supermarkets of a well-known retail firm in India. An organizational environment model was used for a cause analysis. The fishbone (i.e., cause-and-effect) diagram was used to express the basis of poor sales performance. Both customers and employees were dissatisfied with the stores. It was determined that poor inventory management, long approval periods, and frequent employee turnover were the reasons for poor sales performance in the supermarkets.

HUMAN PERFORMANCE TECHNOLOGY (HPT) is a process that solves performance problems. Practitioners use different types of models such as diagnostic, process, and holistic (Wilmoth, Prigmore, & Bray, 2002). Diagnostic models tell us where HPT can be applied. Process models guide us as we apply the process. Holistic models are nonsequential and integrate diagnosis and processes. The International Society of Performance Improvement (ISPI) HPT model is a process model that is widely used for performance improvement in different types of organizations. The model has been used successfully for performance problems in military settings (Bolin, 2007) and by small businesses (McElyea & Van Tiem, 2008), the Royal Canadian Mounted Police (Pullen & Gallant 2009), information technology service firms (Ahn, Kang, Park, & Rim, 2009), and more. This article addresses an effort to apply the ISPI HPT model to a supermarket business in India in order to identify reasons for poor sales performance.

PERFORMANCE PROBLEM

The focus was a partial chain of supermarket stores of a well-known, private limited company with numerous retail locations throughout India. The name of the company is not disclosed for reasons of confidentiality. The company is a conglomerate of different busi-

nesses, and the retail sector is one among them. When contacted for the study, the head of human resources for the supermarket division of the company agreed to pursue the study in the city of Coimbatore. As per the recommendation of the deputy manager in Coimbatore, the study was undertaken in four supermarkets that are located in different parts of Coimbatore. Considered the Manchester of South India, the city is located in the state of Tamil Nadu.

The four selected supermarkets were showing poor sales performance, as confirmed by company records. The ISPI HPT model was applied to address the performance problems of the four supermarkets. (In this discussion, each supermarket shall also be referred to as a store.) A single retail firm manages the four stores, and the ISPI HPT model was applied to all of them. Performance analysis and cause analysis was carried out, and interventions were designed for the four stores. The data were collected from the customers who frequented the stores, as well as from the employees. The operations of the stores were observed keenly, and detailed observation notes were recorded. An organizational environment model was specially designed for use in the study to help identify the causes of poor performance. A fishbone diagram (i.e., cause-and-effect diagram) was used to graphically express and facilitate understanding of the causes of poor sales performance.

ORGANIZATIONAL ANALYSIS

Supermarkets in India cater to the daily, weekly, and monthly shopping needs of customers. The product offerings include a wide variety of fresh fruits and vegetables and other groceries; personal care and home care items; general merchandise; and a basic range of apparel. There is a store space of approximately 2,500 square feet per location. Currently, the umbrella company has over 490 supermarkets across the country. This company had launched a huge assortment of private labels in food, grocery items, and staples. At the time of the study, Coimbatore had eight stores located in different parts of the city. Among these, the sales performance of four supermarkets was low; therefore, as per the request of the client, the study was undertaken in those four stores.

The vision of the company is “Consistently providing the Indian consumer complete and differentiated shopping experiences and be amongst India’s top retailers, while delivering superior returns to all stakeholders.” The mission is “to deliver superior value to customers, shareholders, employees, and the society.” Integrity, commitment, passion, seamlessness, and speed are the values that drive the organization’s culture and priorities.

ENVIRONMENTAL ANALYSIS

Customers, competitors, and employees are the important stakeholders in a retail business. Competitors vary for each store based on its location and can include organized retailers or unorganized retailers such as local kirana stores. Kirana stores are small family run shops selling groceries and other items. A customers inquiry was done concerning the competitors. Five factors, including (1) product availability and size, (2) product quality, (3) product price, (4) services rendered, and (5) what was being offered in the stores were used to compare the client stores with those of the competitors. Among these, it was found that product availability and size were the major factors that attracted customers to competitors. These attributes were missing in the client stores. The products for the four stores were placed on the shelves irrespective of requirements for each store. That is, the types and sizes of the products desired by the customers were not stocked in the stores.

Customers who visited the stores expressed disappointment in the nonavailability and package sizes of the products. Customers may need 500 grams or 1 kilogram of a product, but the client store only stocked 5 kilograms. As a result, the customers moved on to a nearby store for their purchases. Retail service quality-assessed for the client stores indicated that product-related services,

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including the availability of various product and package sizes, contribute to retail service quality. Demographic factors such as customer age varied in all four stores. Because store location impacts the age of the customers visiting a particular store, customer age must be considered when assessing the products available for sale. As noted earlier, the ISPI Human Performance Technology model was adopted for this study. It is displayed in Figure 1, which shows the components of environmental analysis.

The organizational structure of the client firm shows that it is divided into different zones for the purpose of administration (Figure 2). Zones are further divided into three clusters. Each cluster has eight stores. The Coimbatore cluster has a deputy manager, human resources manager, cluster manager, merchandising manager, distribution center manager, and computer center manager. A distribution center is located in Coimbatore, which supplies the inventory to all of the stores in the Coimbatore cluster.

A cluster manager oversees eight stores and plays an advisory role for each store manager, who is the sole individual in charge of a given store. The store managers report daily to their head office in Mumbai. They are required to send order of goods based on their requirements to the regional office in Coimbatore and are expected to achieve their sales targets. It also is their responsibility to communicate the rules and regulations to the customer service supervisor and customer service assistants in their store. Store managers report the amount of daily cash at the end of each day.

Unlike regular managers who work in one store, retail trainees work in two stores. In addition, they have a master of business administration degree. Among two stores in the study, one store had two retail trainees. The

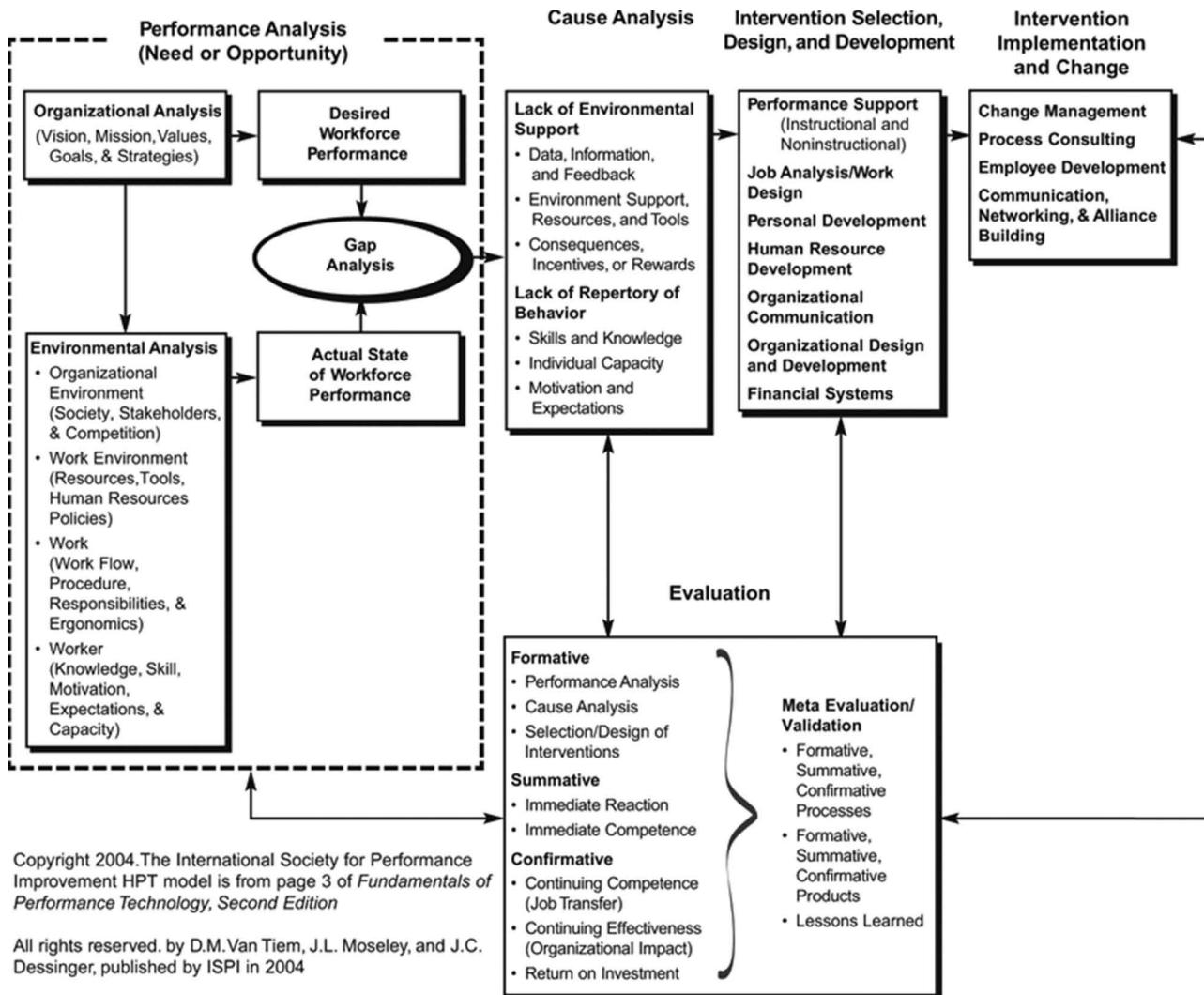


FIGURE 1. INTERNATIONAL SOCIETY FOR PERFORMANCE IMPROVEMENT HUMAN PERFORMANCE TECHNOLOGY MODEL

appointment of retail trainees instead of a regular store manager is not considered beneficial given that the management of a store requires an experienced store manager. Customer service supervisors supervise the customer service assistants. It was found that the position of customer service supervisor in three of the stores remained vacant. This increased the work load of the store manager. Moreover, the number of customer service assistants in the four stores was not the same.

Customer service assistants are the sales personnel who have direct contact with the customers. They are charged with keeping the floor space neat and clean and are assisted by housekeeping staff who clean the stores. Additional tasks performed by customer service assistants include the unloading of goods for sale, the tally of goods, the refill and stacking of merchandise,

stock-keeping unit rotation, shelf edge labeling, visual display, disposal of fruits and vegetables, sales and customer service, cashiering, and planogram implementation. (Planograms are visual representation of a store's products or services. Customer service assistants are charged with maintaining the shelves to align with planograms.) In addition, they are engaged in door delivery and marketing activities.

The company provides the customer service assistants with name badges and T-shirts. They work an 8-hour shift, as per government norms, and are provided with refreshments two times daily. After their initial hiring, customer service assistants normally undergo a training program that prepares them for customer interaction, billing procedures, and so on. A customer service assistant with 6 months of experience

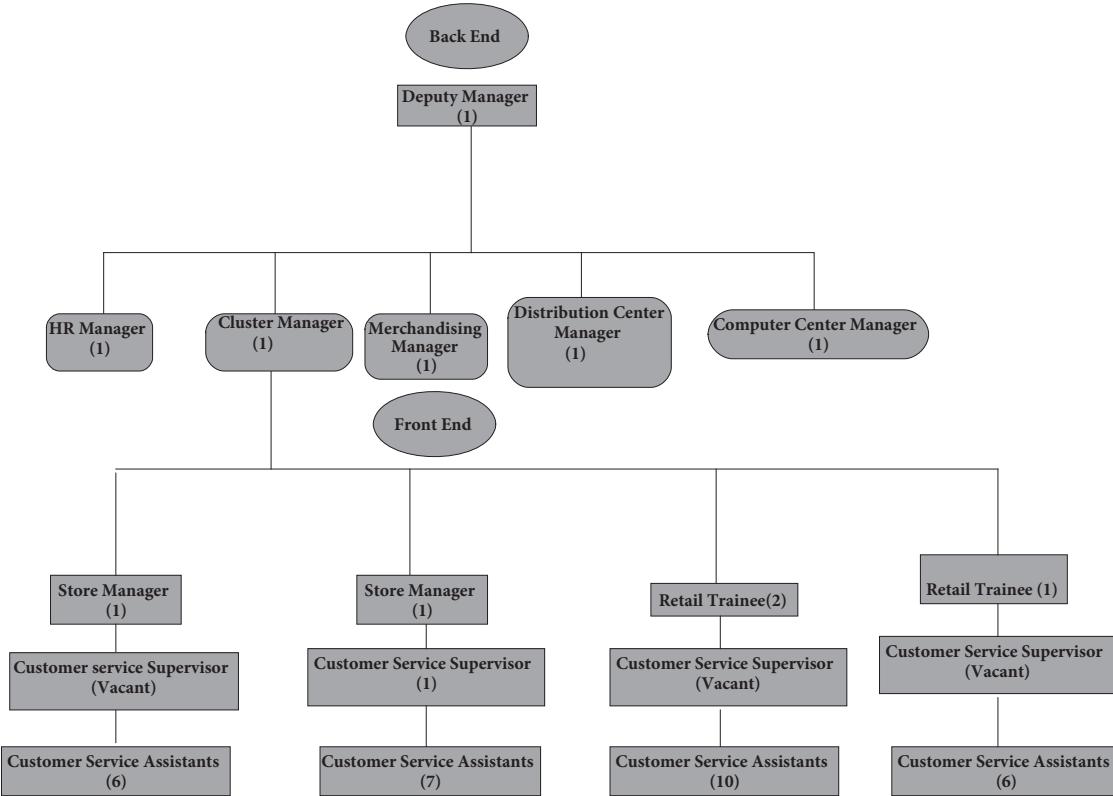


FIGURE 2. ORGANIZATIONAL STRUCTURE OF THE COMPANY

can become a customer service supervisor after passing a written exam.

The store manager, customer service supervisor, and customer service assistant perform the front-end operations. The role of the front-end employees directly influences a store's performance.

In addition, the expectation of the employees was found by assessing the job satisfaction of the employees. It was found that among the various components of job satisfaction, the employees were dissatisfied with their pay.

GAP ANALYSIS

The actual state of performance indicated that the customers were not satisfied with the stores. This was common to all four stores owned by the company. The employees were not satisfied and showed symptoms of lethargy while at work. Their queries were not being taken care by management. In addition, most of the employees were relatively new, with minimum experience. There was a lack of adequate training for employees in the stores. The desired workforce performance of providing consistent service and more value to the customers was lacking, particularly the mission to provide value to

customers. The reasons for these performance gaps were found through a cause analysis.

CAUSE ANALYSIS

An organizational environment model was used for the cause analysis. Causes are identified by looking into the internal and external environments of the organization. Causes are identified by having one-on-one discussions with customers and employees and also by first-hand observations of activities in the stores.

It was noted that store managers must get approval, which takes 3 to 4 days, from the head office for all decisions. For example, repairs and maintenance of backup generators for power requires approval from the head office. Frequent power outages occur in the locality, and the absence of power hinders sales in the stores. Hence, store managers were seeking more decision-making power in solving store-related issues. This type of decentralization is needed to improve the overall decision-making capabilities of the store managers and will lead to quick remedies for any issues in the store. In addition, it was noted that the distribution center does not adhere to the requests placed by the store managers, resulting in the

store's not being able to stock the required products. This is further exasperated by the excessive need to dispose of expired products.

It was also noted that offers and discounts were not properly displayed in the racks, resulting in the customers' not being aware of them. The display signs identifying sections of the store to help locate various products were too small. Also, because cash transactions are more prevalent than the use of credit cards, the stores must maintain adequate coinage. However, they often faced cash shortages. In addition, the stores were not stocking adequate supplies of essential things such as paper for printing bills. It was observed that inventory stocks were being stored in open floor spaces, hindering movement inside the store. The space near the checkout area was not attractive or neat. The billing or checkout counter is where the customers spend time, but there was no space allocated near the billing counter for products such as chocolates, other candy, and similar products that would appeal to the customers or to their children who often accompany them.

In making our observations, it was noted that air-cooling machines were frequently not operating in the stores; this resulted in fruits and vegetables that were not kept fresh. Billing machines, computers that print bills, were not properly maintained and needed frequent repairs. Moreover, the special offers given for some products were not updated in the billing machine, resulting in delays in the billing and checkout processes. Issues such as the repair of card-swipe machines were not taken care of immediately; customers who wanted to pay with a credit card were leaving a store without buying anything. Also, door delivery services were an issue due to poor maintenance of the delivery vehicle shared by the four stores.

Customer service assistants and store managers were often replaced. Frequent changes of store managers obstruct the normal functioning of a store. When a new store manager became familiar with the store environment, too often the manager was transferred to another store. The majority of the customer service assistants had only 3 to 6 months' experience. The maximum experience of the customer service assistants was about one year. The more experienced customer service assistants had developed rapport with the customers. Some of the customer service assistants, however, were not experienced in customer billing. Only one to two customer service assistants per store knew the billing process. When a customer service assistant who knew the billing process left the store by 4 p.m., no customer service assistant was there to operate the billing machine, resulting in the store manager having to do that task. This hindered operations within the store. The stores operated with part-timers after 6 p.m., even

though the peak hour of operation for the stores begins at 3 p.m. and extends into the evening. At 7 p.m., in the middle of the peak time period, part-timers take on the roles of the regular customer service assistants.

It was also observed that the store manager's office in some stores is small, making it difficult for customer service assistants and others to relax during lunch and break times. Customer service assistants also noted that they are responsible for loading the inventory, which hinders their assigned task of attending to customers. The organizational environmental model is displayed in Table 1.

TABLE 1		ORGANIZATION ENVIRONMENT MODEL	
		EMPLOYEES	MANAGEMENT
Internal Environment	<p>Inputs</p> <p>Presence of adequate manpower</p> <p>Basic qualification of sales personnel strictly adhered to</p> <p>Necessary training given regarding billing and knowledge of products</p> <p>Adequate authority such as deciding offers and sales promotions given</p> <p>Proper allocation of work to store-level workers</p> <p>Communication of responsibilities and benefits received</p> <p>Adequate pay for work done</p> <p>Freedom of expression of problems and suggestions</p> <p>Work</p> <p>Conducive work environment and providing refreshments</p>	<p>Policies</p> <p>Is the administrative process too long?</p> <p>Are the products delivered to the store based on requirements?</p> <p>Maintenance of store ambience</p> <p>Repairs and maintenance of machines</p> <p>Provision of necessary vehicles for transmission of goods</p>	
External Environment	<p>COMPETITORS</p> <p>Availability of product range</p> <p>Pricing policy</p> <p>Offers and discounts</p> <p>Employee policy</p>	<p>CUSTOMERS</p> <p>Advertising of offers</p> <p>Presence of all product ranges</p> <p>Presence of legible shelf labels indicating product ranges</p> <p>Expectation about knowledge of use of products</p> <p>Delivery of goods</p>	

INTERVENTIONS DESIGNED FOR THE SUPERMARKETS

As per the analyses, it was found that the customers and employees were not satisfied with the supermarkets. Training, work design, job aids, work methods, staffing, compensation, organizational communication, and store-level changes were among the recommended interventions.

As per the company mandate, customer service assistants should be given training in billing procedures, but the company was not implementing the mandate. It was recommended that on-the-job training be given to customer service assistants and store managers so they can obtain hands-on and practical experience. Store managers need to be trained in demand-forecasting techniques. Customer service assistants must be assigned an individual product line and the responsibility of selling that product line. It must be their duty to replenish the shelves, predict the requirements, and check for expired products in the product line assigned to them.

A delivery vehicle should be provided for each store. Separate personnel should be entrusted with the responsibility of checking the billing machines for each cluster. A retail store management inventory should be installed in all the stores to track the inventory. Store managers should forecast the requirements of staples, fast-moving consumer goods, fruits and vegetables, milk products, and so on. Daily forecasting of fruits and vegetables and weekly forecasting of other goods should be done by the store manager. The distribution center should send the stocks to the stores based on the individual store forecasts. This will help reduce waste in the stores. Customer

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service assistants work in shifts, so work allotment should be on a rotation basis.

As an incentive, a certain percentage of profits should be allocated to a store for achieving its sales target. This will motivate the store manager and team to reach their sales target. Suggestion boxes should be maintained in each store so the customers can express their comments and concerns. A toll-free number should be available for the customer service assistants to express their grievances.

The rack near the billing section should be maintained neatly and stocked with products such as chocolates, new arrivals, and discount items. A separate place for storing inventory should be allotted instead of placing inventory in customer floor spaces. A proper rest place for customer service assistants should be provided to maintain their privacy.

These interventions will help the supermarkets revive their sales. The cause-and-effect diagram that depicts these issues and intervention choices is displayed in Figure 3.

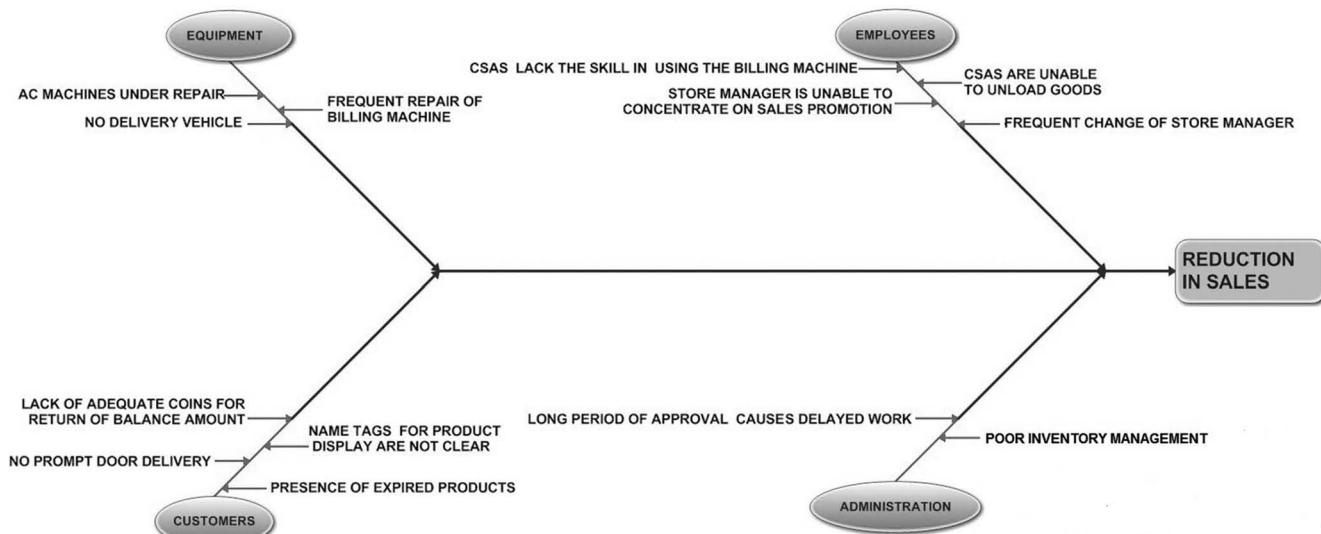


FIGURE 3. CAUSE AND EFFECT DIAGRAM

CONCLUSIONS

More priority to customers and employees as the main stakeholders of the four supermarkets studied is needed. Customer satisfaction and retention is a prime requisite for maintaining sales in supermarket settings. Long delays in approvals are due to a nonresponsive centralized administration, and the lack of desired products and product sizes in each store is due to poor inventory management. Hence, the nonresponsive centralized administration, poor inventory management, and frequent changes of front-end employees are the main reasons for the sales reductions in the supermarkets that were studied.

We found the ISPI HPT model to be a valid model that can be applied to a retail sector within conditions available in India. Because of a limited study period, however, the analysis and intervention design phases of the project had to be restricted. The observation of in-store activities helped identify the causes of poor performance. In addition, detailed observations improved understanding of the behavior of customer service assistants toward the customers. The employees were very cordial and expressed their views openly. This facilitated investigation of the performance problems in each store.

The ISPI HPT model is a relatively simple and straightforward model that can fit into most types of business organizations. The sequential steps helped

diagnose the performance problem. The systems view of the model better ensures a holistic view of the performance problems. 

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