MAST
MARKET ALIGNED SKILLS TRAINING

RETAIL MANAGEMENT TRAINING MODULE

In Partnership with

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RETAIL MANAGEMENT

(STORE OPERATOR ASSISTANT)
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The American India Foundation is committed to catalyzing social and economic change in India, and building a lasting bridge between the United States and India through high impact interventions in education, livelihoods, public health, and leadership development. Working closely with local communities, AIF partners with NGOs to develop and test innovative solutions and with governments to create and scale sustainable impact. Founded in 2001 at the initiative of President Bill Clinton following a suggestion from Indian Prime Minister Vajpayee, AIF has impacted the lives of 4.6 million of India’s poor.

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About the Market Aligned Skills Training (MAST) Program

Market Aligned Skills Training (MAST) provides unemployed young people with a comprehensive skills training that equips them with the knowledge and skills needed to secure employment and succeed on the job. MAST not only meets the growing demands of the diversifying local industries across the country, it harnesses India’s youth population to become powerful engines of the economy.

AIF Team : Hanumant Rawat, Aamir Aijaz & Rowena Kay Mascarenhas

AIF Team

American India Foundation

10th Floor, DLF City Court, MG Road,
Near Sikanderpur Metro Station, Gurgaon 122002

216 E. 45th Street, 7th Floor New York, NY 10017
530 Lytton Avenue, Palo Alto, CA 94303

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This curriculum is designed specifically keeping in mind the learning needs of youth having poor-to-average educational background. The objective of this curriculum is to equip AIF’s MAST candidates with essentials of Retail Management – Principles of Retail Management, Franchising, Merchandising, Inventory Management, Logistics, Supply Chain Management, Online E-commerce etc.

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Retail - An Introduction
The word retail is derived from the French word retailer which means "to cut a piece off" "to break the bulk". Retailing is the process of distribution of goods (products) for the day to day use by the people. It can also be described as the process of marketing i.e., sale of goods and services to customer to fulfil their needs and wants. Alternatively, you can say that retailing is a process of matching the demand of different kinds of consumers with supplies from different manufacturers.

As per dictionary the word Retail means "sale of goods or commodities in small quantities directly to consumers" as per the above definition not only the location and product is important but how much a consumer is satisfied is more important.

The word Retailing is defined as "The set of business activities that adds value to the products and services sold to consumers for their personal or family use. From the above definition, one can see that retailing is not only about selling goods in stores but also selling services. Retailing can be referred to all activities involved in marketing and distribution of goods and services.

Evolution of Retailing

In the ancient days people fulfilled their needs by either making or producing things they required for their use, or by bartering things they made or produced, with others. Money was not invented in those days and trade used to be conducted by the Barter system. The barter system is that system where goods are exchanged for goods. For example, a farmer who grew 500 kg's of wheat would keep 100 kg's for his own family's food. But he and his family needed other things- clothes, utensils, pulses, salt etc. He would therefore exchange the balance 400 kg wheat with other people who made or produced other things. Trade also took place in village markets or haats where people exchanged goods with each other.

In Modern Times, we use money to buy things that we need for our day to day life. We buy these things from 'Retailers'. This is because it is no longer possible to approach all the people who manufacture the goods you need directly. Also with improvement in transport system, that are manufactured far away, even overseas are available in your neighbourhood.

Till a few years ago, we bought most items of daily use from small shops in our neighbourhood market close by. These shops such as Kirana stores or general stores are owned by individuals, who usually sit in the shop themselves and sell their goods with the help of a few assistants. In the last few years, however the concept of large departmental Stores and Mall has been introduced, which also provide us with the same products. A number of these stores or (chain of stores) is owned by large corporations and the sale is carried out by employees- managers and sales personnel. Thus retail sector has now got more organised. Retail is one of the fastest growing and dynamic sectors of the world economy. It promises a fast paced and exciting career options. With the growth of consumer needs and wants, the growth in retail sector is inevitable.
Functions performed by Retailers

Retailers play a very important link in the marketing function by adding a lot of value to the manufacturer's products and services, sold to the ultimate consumers. There are many important functions carried out by retailers which help to increase the value of the products and services sold to the consumers.

These functions include:

- Providing an assortment of products and services.
- Breaking the bulk into smaller quantities.
- Holding inventory stocks.
- Provide certain additional services.
- Increase the value of products and services.

The various functions performed by the retailers will

a) From the customer’s perspective, retailing will help to ensure that the products required: are available in the desired assortment, at the right time and the right location or place.

b) From the business perspective, the retailer will provide the form, time, place and ownership utilities to the final consumer as a marketing intermediary.

*Explanation*
Types of retailers

There are 3 types of retailers:

1. **Store retailers:**
   They are divided into departmental stores, discount stores, speciality stores, convenience stores, off-price retailers, and warehouse clubs.
   
a) Departmental stores are retailers that carry a broad variety and deep assortment of goods. They organize their stores into distinctly separate departments for displaying merchandise.
   
b) Speciality stores concentrate on a limited number of complementary merchandise categories and provide a high level of service in relatively small stores. Drug stores are speciality stores that concentrate on health and personal grooming merchandise example Apollo Pharmacy.
   
c) Convenience stores provide a limited variety and assortment of merchandise at a convenient location in 2000-3000 square foot stores with speedy check out. They are the modern version of the neighbourhood store or Kirana shops.

2. **Non store retailers:**
   These types of retailers use various methods, such as direct response advertising, etc. for selling their products. They are categorised as Direct selling, Electronic Retailing, Automatic vending and Buying service
   
a) Direct selling is done by contacting customers directly in a convenient location and demonstrating merchandise benefits and taking an order and delivering the merchandise or performing the service. Oriflame used this model quite successfully for many years.
   
b) Electronic retailing (also called e-tailing, online retailing and Internet retailing). This is a retail format in which the retailers communicate with customers and offer products and service for sale over the Internet. Example jabong.com.
   
c) Television home shopping is a retail format in which customers watch a TV program that demonstrates merchandise and then place orders for the Merchandise by telephone.

3. **Corporate chain stores:**
   This retail organisations own two or more outlets commonly owned and control by corporate. They are engaged in central buying and merchandising, and selling similar lines of merchandise. They generally store products in the warehouse before selling them at the retail store. They have greater purchasing power, wider brand recognition and better trained employees. Some of the major stores are Fabindia, More, Reliance Fresh.
Franchising and types of franchising

Meaning of franchising: A company can introduce a brand and keep it exclusively for itself or it may franchise a brand or manufacture a brand of another company under licence. Franchising is a contractual bond between a franchisor, who has developed a brand and a business format through usually long experience of selling a product or a service and the franchisee who usually provides the capital and the entrepreneurship at the retail outlet level. Generally, franchising is being used by companies to expand the brand with certain preconditions attached. These preconditions could be in the form of: (a) an obligation to purchase goods exclusively from the franchisor or (b) pay a certain percentage of the turnover as part of a royalty payment.

Nevertheless, the consumer is offered the benefit of consistency along with the accepted or recognised standards of quality which is associated with the brand. Thus, franchising is a very fast route for business expansion and branding and also offers an excellent business model especially for service organisations such as Pizza Hut, McDonalds, Nirulas etc. who are waiting to extend the network and reach the consumer.

In franchising, the franchisee has to follow the proven and tested format, so the chances of survival and success is very high, unlike a normal businessman who may have to set up a single small scale business on his own. This is because the franchisors provide the brand and the business format while the franchisee puts in his money, entrepreneurial talent and efforts. Very often, in franchising, the rate of growth of the business is dependent on the location of the franchise. Most franchise business start generating positive return and profit in the second or third year of starting the business and the attractiveness of the rate of return would clearly depend upon the degree of success, where in location place a major role. Franchising can be defined as’ a contractual agreement between a franchisor and franchisee that allows the latter to operate a retail outlet using a name and a format developed and supported by the franchisor.

*Explanation

Types of franchising:

a) Product or trade name franchising:
Under this format, the franchise will take up franchising of a manufacturer's product and thus gets known with the manufacturer's identity to some extent. For instance, Prerana Motors (dealers of Tata Motors, Bengaluru) or Bharat Petroleum/ Indian Oil petrol bunks are typical examples of product name franchising.

b) The other types of franchising is referred to as the business form franchising. Under this format, the franchisor gives licence to the franchisee, for a pre-determined financial return permitting them to make use of a complete package deal, including training, support and even the corporate name. By following this format, the franchise is able to operate and conduct their own business as per the standards and formats practiced at the other units of the franchised chain. Examples of franchise operating under this business format are McDonald's, Subway, Ayush (Hill) extra.

*Explanation
Organised and unorganised retail

The retail sector is presently undergoing a great transition in India. Previously, customers used to purchase their necessities from kirana shops or from the mobile vendors or the mandis. This later changed to bigger shops run by one man interview employees. Gradually, more sophistication seeped into this sector and department stores came into being. This has made the beginning for the organised sector. Therefore, retail sector can be seen as an organised and unorganised retailing.

The Indian Retail Industry, which was traditionally dominated by small family run Kirana stores is characterized by poor infrastructure, inefficient upstream processes, lack of modern technology, inadequate funding and absence of skilled manpower and is known as unorganised retailing.

Organised retailing refers to running a business in an organised and scientific manner. Organised retailing has brought in a Remarkable advantage for the consumers and has a huge potential for growth that leads to a higher GDP contribution to the country and generate employment.

In India unorganised retailing includes units whose activity is not registered by any statute or legal provision and or which do not maintain regular accounts. This sector is characterized by small and scattered units which sell products or services out of a fixed or mobile location. Mostly these traditional units includes Mandis, haats, melas, and the local baniyas/ kirana, paanwala and others like cobbler, vegetable, fruit vendor etc., would be termed as the unorganised retailers.

On the other hand, organised retail is a retail place where are all the items are segregated and brought under one roof, unlike the unorganised retail where different goods are sold in different shops. Organised retailing provides large number of brands available and different types of products at one place. Organised retail deals with multiple formats, which is typically a multi-owner chain of stores or distribution Centres run by professional management. Today organised retailing has become an experience characterized by comfort style and speed. It is something that offers a customer more control convenience and choice along with an experience.
Differences between organised and unorganised retail

Differences between organised and unorganised retail can be specified on the basis of their ownership, logistic and supply chain facilities and structure of Management. The details are as follows:

a) In organised sector, the retail units offer large variety of items through its retail outlets. But in unorganised sector, very few items are offered for sale in the outlets.

b) In organised sector, the size of the retail outlet is very large and stores layout and design are very attractive and comfortable to the customers. But in unorganised sector, the size is very small and usually proper layout and design of the store is not found.

c) The size of the employees is very large in organised sector. But in unorganised sector, the employees are very less in comparison with organised sector.

d) In organised retailing, the capital requirement is very high and does not enjoy perpetual succession. In unorganised retailing, the capital requirement is very low and the business enjoys perpetual succession.

e) Organised sector covers those enterprises or places of work where the terms of employment are regular and people have assured work. Whereas, the unorganised sector is characterized by small and scattered units which are largely outside the control of government.

f) In organized sector, the business unit is run on corporate style. But, in unorganised sector, the business units are run as sole trading or partnership units.

g) In organized sector, the network of the retailer is vast and operates number of branches at

Meaning of retail market strategy

Before going to the meaning of retail market strategy, the terms retailing concept and retail market are briefly explained below.

Retailing concept is a management orientation, through which the retailers try to focus on the needs of their target market and satisfy those needs more effectively and efficiently than their competitors. In order to be successful, retailers will firstly have to identify their target market or prospective customers, focus on their specific needs and satisfy these needs better than their competitors.
Retail market can be defined in terms of a group of consumers with similar needs, say a particular market segment and a group of retailers using a similar retail format to satisfy those consumer needs. The consumer segments can be worked out in terms of the customers geographic location (region wise), demographics (age, income etc.), lifestyle, buying situation (daily use grocery/vegetables), specific occasion (wedding/special occasion) etc., benefits sought and so on. Depending upon the specific retail market, retailers work out different retail market strategy.

The retail market strategy is a statement worked out to identify - a) the retailers target market b) the specific format planned to be used by the retailer to satisfy the target markets needs and c) work out the bases upon which to build up sustainable competitive advantage. The target refers to the specific market segments whose needs are to be focused upon, used their resources and plan

**Current status and future prospects of retailing in India**

India is one of the fastest growing economies in the world. It is witnessing a change in several areas which has enabled the people to spend more and thus gives an opportunity for retail business to flourish in India. Some of the factors responsible are:

- Better job opportunities and rising incomes where purchase decisions are made by the younger generation, who are willing to spend more to buy goods.
- Younger people have higher aspirations and demands.
- Shift in consumer demands to foreign brands example Sony, Panasonic, McDonalds, KFC etc.
- Increasing number of women professionals - with more women going out of the house and working, the overall income of the family has increased. Also, working women have a greater say in buying goods for their household.

Retail business in India is the largest private industry and is only second to agriculture in terms of providing employment to the people. Retail sector in India consists mainly of small, independent and owner managed shops.

In India, more and more people are entering into the retail business with the emergence of malls, supermarkets, departmental stores, and are changing the traditional formats of old stores. The entrepreneurs are not only targeting the metros but also cities like Ahmedabad, Baroda, Chandigarh, Ludhiana, and Pune etc. The cities of South India have adopted the practice of buying daily use products from supermarkets and this practice is influencing other regions of the country also.
Emerging trends in Indian retailing

Like the rest of the world, the Indian Retail Industry is facing new trends in the market. Various types of retail ownership are being seen. Each of them has their own advantages and disadvantages. Some of these ownership models are given below:

- **Independent retailer**

  An independent retailer is one who builds up his/her business from scratch. All the operations ranging from business planning stage to business opening day are done by the independent retailer. He may hire different persons as Consultants and staff to assist him/her in operating the business. The owner has endless opportunities.

- **Existing retail business**

  These retailers inherit or buy an existing business. Then they operate this business on their own. The base and the market value for this business has already been laid out by the previous owner. For example, if the owner of stationery shops in your neighbourhood sells his business to another person, or hands over the shop to his son to run.

- **Franchise**

  Large companies sell their franchises to either individuals or the small companies or retail units who give them the assurance that they can maintain the standard of quality, customer satisfaction, etc. Thus buying a franchise means purchasing the right to use name, concept and business plan of a particular company or organisation known as franchiser how. Example McDonalds outlets.

- **Dealership**

  Dealership means a deal between a small retailer and a large company- generally the manufacturer who allows the small retailer to sell the products of the large company and becomes authorised seller of the products of large firm (manufacturer). Dealership is different from franchise because a dealer cannot recreate the products or trademark of the manufacturing company. For example, Maruti Suzuki Limited as a number of dealers across

### Careers in retailing

The Rapid growth of malls, Supermarkets and other new retail formats is creating a need for professionally trained human resource. The malls are growing not only in metro cities but also in smaller towns. The total number of people employed in retail sectors is doubling almost every year. The career opportunities in the retail sector are very large. The various opportunities in retail industry are in the areas such as inventory management, supply chain management, sales and marketing, public relations, human resource management etc.
Some of the areas which are becoming very popular include technology in retailing, supply chain management, business development, marketing, product development, and research. Under such circumstances, it is but natural that education and training are getting due importance and the demand for professionals in the retail qualifications is increasing considerably on a year-to-year basis.

Food and beverages, electronics, and apparels are few of the segments in the Retail Industry that are experiencing higher growth. Some of the typical jobs available in the Retail Industry include the following:

- Store manager
- Assistant store manager
- Sales executive
- Retail bagger
- Junior merchandiser
- Visual merchandiser
- Supply chain distributors
- Retail buyers and merchandisers
- Customer service associate
- Retail sales associate
- Merchandiser
- Marketing executive
- Management trainees
- Logistics and warehouse managers
- Inventory monitoring officer
- Department managers

Some of the areas with employment potential in retail jobs are as follows:

- Warehouse
- Tours and travels
- Shopping malls
- Restaurants
- Provision stores
- Multiplexes
- Insurance companies
- Cafes
- Book shops
- Airlines
Entry level jobs in retail operations and customer service

A retailer owes his/her success to the front line staff, which can also be said to be the face of the company. Trained professionals are now being hired at various positions at an entry level in the Retail Industry for the success of the retail organisations. Some of the entry level positions in the Retail Industry are discussed as below:

1. Customer service associate

To be a customer service associate, one should have good knowledge about the products, the shop, the customers, etc. Knowledge and skills that a customer service associate should possess include the following:

- Good communication skills
- In-depth knowledge of store offerings
- Knowledge of product features such as brand options, features and benefits of the products, use/application, shelf life/use by dates, care and handling, storage requirements, product/ingredient/material safety features, price and warranty etc.
- Knowledge of current sales promotion schemes of the company and ability to communicate the same to the customers.
- Ability to promote and sell i.e., selling skills.
- Knowledge about the Merchandise and inventory to help customers find the desired merchandise which is not on display.
- Ability to watch out for security risks and thefts, and know how to prevent or handle these situations.
- Ability to understand product information, store policies and procedures.
- Ability to guide the customers to the relevant sections of the store.
- Knowledge of policies regarding exchanges.

2. Store demonstrator

Store demonstrator in department stores, supermarkets and other retail businesses works for introducing products (which may be new to the market or on promotion) to customers to help increase sales. He/she demonstrates a wide range of different products including food and beverages, domestic appliances, kitchen gadgets, home care products, personal care and beauty products, home improvement products and toys.
The typical duties of a store demonstrator include:

- Setting up a counter or canopy where a promotion takes place.
- Arranging stock, posters and other publicity material to attract customers.
- Demonstrating how to use a product.
- Explaining the benefits of a product and answering questions about it.
- Handling leaflets, brochures, coupons and free samples.
- Talking to individual passers-by or using a microphone to catch the attention of groups of people.
- Monitoring stock levels.
- Keeping sales records.

3. Retail Bagger

Retail Bagger is responsible for packaging customer's purchases so that they can be transported safely and conveniently between the store and the customer's home. He/she needs to interact with customers using eye contact, a smile, and polite conversation. A retail store employs retail Baggers solely for the purpose of improving their customers purchase experience at the point of sale. Baggers bring friendliness and care to retail stores shopping experience. Main duties of a Bagger:

- Helping the cashier is the main duty of a bagger
- Baggers usually work directly with Cashiers at the same counter.
- The cashier prepares the bill and the bagger packs the goods, ready to be handed over to the customer. Therefore store baggers must be fast and organised.
- The employees should confirm with customers that the products and supplies being packed, wrapped and billed exactly match the selections. This will save both the trouble of return and exchange of goods due to incorrect packing.
- Furthermore a baggers duty also requires him to return any items left at the sales counter by customers to its proper place in the store.
- This helps the bagger understand the store layout better and also increases his knowledge about products which is in valuable while guiding customers.
4. Junior merchandiser

Merchandisers select and purchase goods for a company. These goods are then put for sale after reviewing data, customer opinion and price comparisons. Junior/Assistant merchandisers assist the lead merchandiser in creating and maintaining a successful business strategy. The following are the main duties of a junior merchandiser:

- Organise the display of products at the store.
- Junior merchandiser works with existing suppliers to achieve deadlines.
- Check the quality and shelf life of products,
- Place specific products in the correct display areas
- Rotation and display of stocks.
- Communicate effectively with customers, buyers and internal team.
- Completing regular sales reporting, liaising with stores, forecasting and planning stock.
- A good sense of design, style and colour.
- Creativity and imagination
- Knowledge of IT, for computer and design work
- Attention to detail
- Ability to work to deadlines
- Stamina and fitness
- Good communication skills
- Ability to work well as part of a team and also alone.
5. Retail sales Associate

Retail sales Associates are responsible for providing an exceptional shopping experience for every customer and in assisting the store manager with the daily operations and objectives of the store. This job requires a blend of good communication skills, strong communications, immense dedication.

Duties and responsibilities of a retail sales associate:

- Follow standard operating procedures and complete all tasks as assigned by the store manager.
- Maintain cleanliness of the store and replenish merchandise as it is sold.
- Educate self on new product features and benefits if not part of sales training.
- Acknowledge all customers and be attentive
- Interact with customers by assisting them in locating and demonstrating products
- Update customers about features and benefits where applicable, and by offering suggestions and alternatives
- Strategize with store manager to meet sales targets.
Basic Fundamentals and Practices in Retail Industry
CONCEPT OF INVENTORY

Inventory is defined as a stock or store of goods. The storage of these goods is done near the location of the business to meet the demands of the customer. Generally, the retailer has to keep the inventory of finished goods in order to meet the demand of the customer. Inventories are held for various reasons like meeting the seasonal demand, physical necessities, functional purpose, etc.

Sometimes a firm may keep larger inventory than is necessary to meet demand and keep the factory running under controlled conditions of demand.

Inventory refers to those goods which are held for eventual sale by business enterprise in other words, inventories are stocks of the product a firm is manufacturing for sale and components that make up the product. Thus, inventories form a link between the production and sale of the product.

OBJECTIVES OF INVENTORY MANAGEMENT

The main objectives of inventory management are:

1) **Making adequate availability of inventory:**

   The main objective of inventory management is to ensure the availability of inventories as per requirements of times. This is because both storage and surplus of inventories prove costly to the organization. In the case of shortage of availability on inventories, the manufacturing wheel comes to a halt. The consequence is either less production of no production.

   In either case, results in less sale to less revenue to less profit or more loss. On the other hand, surplus in inventories means lying inventories idle for some time implying cash blocked in inventory. And also, this means that the organization invested money blocked in inventories invested elsewhere in business, it would have earned a certain return to the organization.

2) **Minimizing costs and investments in inventory:**

   Related to the above objective is to minimize both cost as well as volume of investments in inventories in the organization. This is achieved mainly by ensuring required volume of inventories in the organization all the time. This benefits the organization mainly in two ways: i) cash is not blocked in idle inventories which can be invested elsewhere to earn some return. Secondly, it will reduce the carrying cost which in turn, will increase profits. In lump sum, inventory management if done properly can bring down the cost and increase the revenue of the firm.
3) Move goods efficiently:
   Efficiency in inventory means the ability to quickly receive and store products as they come in and retrieve and ship when they got out. Every extra second spent in these processes add to the cost of inventory management. Also, efficient distribution is a customer satisfaction issue for trade channel sellers and retailers.

4) Other objectives:
   - To keep investment in inventory at optimum level.
   - To reduce losses the losses of theft, wastage etc.
   - To minimize inventory ordering cost.
   - To minimize inventory carrying cost.

TYPES OF INVENTORY

Manufacturing:
   - Manufacturers inventory commitment starts with raw material and component parts, and end with finished goods.
   - Manufacturer needs to transfer the finished goods to warehouse in closer proximity to wholesaler and retailer.
   - Though the manufacturer may have narrow product line than retailers and wholesalers, manufacturers inventory commitment is relatively deep and has long duration.

Wholesale:
   - Wholesaler's risk exposure is narrow but deeper and of longer duration than that of retailers.
   - The wholesaler purchases larger quantities from manufacturers and sells in small quantities to retailers.
   - In case of seasonal goods, the wholesaler is forced to commit inventory far in advance of selling thus increasing the depth and duration of risk.

Retail:
   - Retailer purchases a wide variety of products and in relatively smaller quantities and assumes a substantial risk in marketing process.
   - Retail inventory risk is wide but not deep.
   - Focus is more on inventory turnover.
The other type of inventory is - In transit inventory/ Pipeline inventories.

In-transit inventories are items that are enroute from one location to another.

They are not available for sale or shipment until they arrive at the destination.

For the calculation of inventory carrying cost, in transit inventories should be considered as inventory at the place of shipment origin since the items are not available for use or subsequent reshipment.

Initially, it is very difficult in identifying exact location of moving vehicle. But now-a-days due to GPS system it is possible to locate a vehicle enroute and hence, we can know the exact location of transit inventory.

It means that the stock is either moving in a transport vehicle or is awaiting movement at transport terminal.

The possession is not with the organization and hence, it cannot be put to any use.

1) A good inventory management improves the accuracy of inventory orders: Proper inventory management helps you to figure out exactly how much inventory you need to have on hand. This will help prevent product shortages and allow you to keep enough inventory without having too much in warehouse.

2) A good inventory leads to more organized warehouse: A good inventory support an organized warehouse. If your warehouse is not organized, you will have a hard time managing your inventory. Many companies choose to optimize their warehouse by putting the highest selling products together and in easily accessible places in the warehouse. This in turn, helps speed up the order fulfilment process and keeps customers happy.

3) A good inventory management helps save time and money: Inventory management can have real time and monetary benefits. By keeping track on which products you have on hand or ordered, you save yourself the effort of having to do an inventory recount to ensure your records are accurate. A good inventory management helps you to save money that could otherwise be wasted on slow moving products.

4) A good inventory management increases efficiency and productivity: Inventory management devices, such as barcode scanners and inventory management software, can help improve your efficiency and productivity. In other words, with the help of these devices work is more accurate and time is found to do other work.

5) A good inventory management keep your customers coming back for more: It is a fact that good inventory management leads to what you're constantly striving for i.e repeat customers. Inventory management helps you to meet this demand from time to time.
An inventory control system is a set of hardware and software based tools that automate the process of tracking inventory. The kinds of inventories tracked with an inventory control system can include almost any type of quantifiable good including food, clothing, books, equipment and any other item that consumers, retailers or wholesalers may purchase. Modern inventory control system is almost exclusively based on barcode technology. Though barcodes were initially developed to automate the process of grocery stores, their ability to encode a wide range of alphabetic and numeric symbols make them ideal for encoding merchandise for inventory application. Inventory control system works in real time using wireless technology to transmit information to a central computer system as transactions occur.

Inventory control system is crucial in retail store, especially those with a large number of inventory control and is also used in warehouse to track orders and shipments and for automated order processing.

Inventory control is important to ensure quality control in business that handles transactions revolving around consumer goods. Without proper inventory control, a large retail store may run out of stock on an important item. A good inventory control system will alert the retailer when it is time to reorder. Inventory control is also a means of automatically tracking large shipment. For example, if a business orders 10 pairs of socks for retail resale, but only receives 9 pairs, this will be obvious upon inspecting the contents of the package and error is not likely to happen. On the other hand, a wholesaler orders 100,000 pairs of socks and 10,000 missing. Manually counting each pair of socks is likely to result in error. An automated inventory control system helps to minimize the risk of error.

In retail stores, inventory control system also helps track theft of retail merchandise, providing valuable information about store profits and the need for theft prevention system.

**IMPORTANCE OF INVENTORY CONTROL**

1. **Protects from fluctuations in demand:**

   At times there are small differences between the demand forecast and the actual demand of the product. These differences can be big too. These fluctuations in demand can be adjusted if there is sufficient stock of inventory.

2. **Better services to customer:**

   If the company has a proper inventory of finished goods, then it can satisfy additional demands of the customers. Thus helps the proper delivery of goods at the right time as demanded by the customer.
3. Continuity of production operations: Proper inventory control helps to maintain continuity of production operation by maintaining a smooth flow of raw materials.

4. Reduce the risk of loss: Proper inventory control helps to reduce the risk of loss due to outdated items by checking all the items regularly.

5. Minimizes the administrative work load: It reduces the administrative work load of purchasing, inspection, warehousing, etc. thereby reducing manpower requirement and labour cost.

6. Protects fluctuation in output: Obstacles in production schedule such as sudden breakdown of machines, problems in supply of material, sudden labour strikes etc. can be overcome by reducing the gap between planned production and actual production using inventories held in stock.

**METHODS OF INVENTORY CONTROL**

1) **JUST IN TIME (JIT)**

- The Just in Time inventory management is a Japanese philosophy which has been applied and practised since early 1970’s in many Japanese organizations.

- The Concept of JIT has been developed by Taichi Ohno of Toyoto Motors Corporation in 1950.

- Traditionally organization used to keep large amounts of inventory to protect against uncertainties. But this leads to increase in all inventory related costs.

- Just in time means “Only what is needed, when it is needed and in what amount needed”

- This concept states that an activity should be undertaken only when there is a need for it.

- Hence inventory should be brought into system only when it is required.

- JIT strengthens to organizations competitiveness by reducing waste and improving overall efficiency.

- Benefits of JIT:
  
  - Transportation cost gets reduced.
  - Warehousing cost gets reduced.
  - Material handling cost gets reduced.
  - Inventory level gets reduced.
  - Processing time gets reduced.
2) **Vendor managed inventory/ continuous replenish strategy or CR.**

- Traditionally the customer has to place order before the supplier for the goods. But in this revised module the customers no longer places order, but instead share information with the vendors.

- This information relates to the actual usage of their products, current stock on hand and anticipated demand.

- On the basis of this information, the supplier takes responsibility for replenishment of customer’s inventory.

- No orders are received, but an indication is given to the customer on maximum and minimum limits of stocks that they wish to keep in stock.

- It is the responsibility of the supplier to maintain customer's inventory within the stipulated stock levels.

3) **Quick response or QR**

- When retailer places an order for replenishment the supplier with the help of EDI (Electronic Data Interchange) finalizes the delivery details and communicates them to the customer in advance.

- This facilitates scheduling labour and other facilities.

- This reduced inventories as uncertainties are reduced and total cost resulting into better performance.

- Quick response is a technology driven corporate effort from suppliers and retailers to increase inventory velocity. Inventory can be ordered as required resulting in increased turnover and improved availability.

4) **Automatic or profile replenishment or A.R.**

- Enables the supplier to anticipate the customer's requirement in advance to make replenishment.

- The responsibility of inventory management is placed directly on the supplier.

- There should be information flow between customer and supplier that makes inventory availability visible.

- While this takes away the inventory management from the customer and gives it to the supplier, supplier gets the benefit of inventory visibility and more effective management.
II B) SECURITY AND SAFETY IN RETAIL

CHAPTER - I

ROLE AND FUNCTION OF SECURITY IN RETAIL STORE

Introduction to security services

Private security agencies offer a wide range of services that include providing security to businessmen, industrialists and celebrities, accompanying consignments of cash, monitoring the movement of visitors at shopping malls, construction sites, etc. and helping the Police.

The persons who were still very recently called watchmen have evolved as a private security guard or private security. A private security guard has to perform several functions which include observing and monitoring people, access control, responding to security threats or emergencies and using appropriate methods to control illegal and unauthorised entry.

The private security sector in India is growing at the compound average growth rate of 25% annually and generates more than 12 lakh jobs per annum.

Functions and Points of security

The primary aim of security is to provide a safe and secure environment to the company and its personnel to carry out their duties. While the expectation of the people for security is immense, it is not practically feasible for the government to meet all the requirements. And also all security issues do not require police intervention and can be managed by private citizens if they are cognizable offences and crimes.

Security Points

Prevention:
Starting from a simple lock, to boundary walls, gates and the security guards, they are all means of preventing loss and damage to personnel, property and information.

- **Detention:** An intruder may overcome protective barriers but may still be prevented in his/her plans by detention and warning system that can alert the whole security system.

- **Interfaces:** Once an intrusion or breach is detected immediate action is taken to interface with the plans of the intruder and prevent him/her from executing his/her plans.

- **Delay:** The stronger the security system the greater is the delay caused to an intruder thereby increasing the chances of detention.
Following are some of the important safety and surveillance equipment's used in the retail industry:

1. Security metal detectors: Types of detectors are as follows:
   a. Door frame metal detectors
   b. Hand held metal detectors
   c. Walk through metal detectors
   d. Microcontroller based door frame metal detectors
   e. Safety Jackets
   f. Reflective Jackets
   g. Security equipment's like extension search mirror.
   h. Fire alarm system
   i. Standalone DVR
   j. Handheld search lights
   k. Under vehicle search mirror
   l. Surveillance equipment's like dome camera
   m. Safety signage's eg. Danger sign
   n. Safety harness
   o. CCTV cameras
   p. Safety helmets
Material handling means providing the right amount of right material in the right condition, at the right place at the right time. Material handling involves movement, protection, storage and control of materials. Materials handling system decides the speed of movement of goods services and information within organization and between the seller and customer. Before product reaches the final customer, it passes through series of handling processes.

Material handling cycle starts from receipt of materials followed by storage of materials and then by moving to production and then followed by moving finished goods to the warehouse and then it reaches to the final customer. Around 15-20% of the cost of the product is spent on material handling.

Objectives of material handling

- Increase the storage capacity of warehouse:
  The material handling system should be such that it results in optimum utilization of space in the warehouse. Thus the space of warehouse should be utilized properly and avoid blockage of space.

- Reduction in wastage:
  The material handling system should be such that number of times the product is to be handled gets to the minimum. The more different workers handle the product, the risk of damage to product will increase and so will material handling cost.

- Development of effective working conditions:
  The working condition should be favourable for the worker. It should be safe and no kind of potential danger or injuries should suffice.

- Reduction of movement involving manual labour:
  Mechanization of material handling should be adopted as far as possible.

- Improves logistic services i.e. pre-production activities, during production activities and post-production activities, material handling, improves the overall logistic performance at all stages. It improves efficiency of the entire organization.

- Reduction of cost:
  The material handling system should be such that it helps to reduce overall logistical cost and helps to increase profitability.
Types of Material handling equipments

Basically there are two types of material handling equipments namely fixed path equipment and variable path equipment.

1. Fixed path equipment:
   Fixed path equipments are those equipments which move in a fixed direction. The move from a fixed point to a fixed point and their root cannot be changed. Example conveyors, Elevators.

2. Variable Path equipments
   Variable path equipments are those equipments which have no restriction in the direction of movement. They can move in any desired direction. E.g. Trucks, automated guided Vehicle

Some of the material handling equipments are as follows:

- Conveyors
- Cranes
- Elevators
- Hoists
- Industrial trucks
- Automated guided vehicles
- Industrial robots
- Fork lift trucks

Principles of material handling

- **Planning principle**: The material handling principle should be designed and planned in such a manner that it helps the organization to fulfil its needs and achieve its objectives.

- **Standardization principle**: Standardization implies to the size of containers as well as the operating procedures and equipments.

- **Work principle**: Material handling equipment should be such that human efforts get reduced to minimum without sacrificing productivity of level of service required for operation.

- **Unit load principle**: A unit load is one that can be stored or moved as a single unit at one time. The size of carton or package should be uniform which helps in easy handling.

- **Space utilization principle**: The focus should be on utilizing the cubic space rather than the floor space thus the space of warehouse should be utilized properly and avoid blockage of space.

- **Systems principle**: A systematic operational system will result in less confusion and congestion in work.

- **Automation**: The automation in system results in improved operational efficiency, increased consistency, etc.
Personal appearance and Behaviour

Some of the important grooming tips are as follows:

1. Perfumes, scents and odours in the workplace:
   - Do not let the first impression you make about yourself be your personal scent preferences.
   - Avoid wearing perfume and heavily scented products in all business settings. You might like them, but they have no place in a business environment. Scents can trigger asthma, overpower a room, and are often more offensive than pleasing to others.
   - Never smell like smoke (if you smoke in a car, your clothing will always pick up the odour).

2. How to present professional looking fingernails and hands:
   - Women often use their hands to talk with so they become a focal Point. It is important to have hands and fingernails looking professional - not like you are heading out for a wild night on the town.
   - Nails should be clean, and trimmed or sculpted. Avoid very unusual or shocking nail colours. Nail art and nail jewels are not acceptable for business meetings.
   - Hair styling tips for business women
   - Style should be neat and conservative. Hair colour should not be shocking or unusual. Hair sprays and gels that have a strong scent or odour should be avoided.

3. Business makeup advice
   - Keep it simple and appropriate for daytime. Wearing no makeup at all is almost as bad as wearing too much makeup.
4. Appropriate jewellery for business women

- Jewellery should not be too noisy (no metal bangle bracelets), too large, or costume jewellery. Keep ear rings small, simple, and above the earlobe.

- It is better to wear no jewellery at all, than to wear too much jewellery. But all business women should at least wear a nice conservative wrist watch.

Demonstrating that you care about your personal appearance communicates to the person you are meeting with that they are important to you. Paying attention to the details of your appearance sends a message to others that you will also pay close attention to business details, and the needs of your customers and clients.

**Behaviour: The art of communicating effectively with customers**

To develop good relationship with a customer, it is important to look well-groomed and communicate effectively and in a polite manner with the customer. This is the starting point for establishing a winning relationship with the customer.

1. Establishing relationship with customers: You can establish effective relationship with customers by:

   - Communicating effectively with your customers in a way which makes them feel valued and respected.

   - Identifying and confirming the needs and expectations of your customers.

   - Treating your customers courteously and helpfully even when you are working under pressure.

   - Maintaining communication with your customers to ensure that they are kept informed and reassured.

   - Adapting your behaviour to respond effectively to different customer behaviour.

2. Respond appropriately to customers by:

   - Checking with your customers that you have fully understood their needs and expectations.

3. Communicate information to customers by:

   - Greeting customers like good morning/ good afternoon/ good evening etc.

   - Quickly locating information which will help your customer.

   - Giving your customers the information they need about the products or services offered by your organisation.
Work ethics and values in workplace:

Values and ethics are important in the workplace to help keep order, ensuring that everything runs smoothly and remains profitable. Each individual company makes its values and ethics known almost immediately after hiring an employee.

- **Dedication:**
  How hard an employee works, how much effort he puts forth, can go a long way in establishing his role in the organisation. Most organisations prefer a worker who gives an honest effort and performs his best to help the company flourish.

- **Integrity:**
  An important aspect of workplace values and ethics is integrity, or displaying honest behaviour at all times. For instance, an employee who works at a cash register is expected to balance the drawer and deposit the correct amount of money at the end of the night.

- **Accountability:**
  Employees in all industries are expected to act accountable for their actions. That means showing up when they are scheduled and on time, and not taking advantage of time allotted for breaks. It also means accepting responsibility for when things go wrong, gathering yourself and willingly working towards a resolution. And sometimes it might mean working longer than planned to see a project through to completion.

- **Collaboration:**
  In almost every industry, workplace values and ethics consist of teamwork. That's because most organization believe that when morale is high and everyone is working together, success will follow. So it is important for employees to be team players whether assisting co-workers on a project, teaching new hires new tasks, or following the instructions of a supervisor.

- **Conduct:**
  Employee conduct is an integral aspect of workplace values and ethics. Employees must not only treat others with respect, but exhibit appropriate behaviour in all facets of the job. That includes wearing proper attire, using language that's considered suitable around the office and conducting themselves with professionalism. Every company enforces its own specific rules on conduct, and typically makes them extremely clear in employee hand books and training manuals.

**Goal setting**

Goal setting is an extremely important element of career and personal development growth. The ability to set goals and pursue them effectively can be a rewarding skill, particularly in a sales role. The basic ideology behind practical goal setting is as follows:

- The philosophy behind setting goals.

- Simple guide to setting and achieving goals.
Planning and organising daily work:

Planning and Organisation makes efficient use of time at the office by keeping you focused from beginning to completion of a project. A comprehensive plan for work activities and projects ensures you tackle all necessary steps for success.

- Identify the scope and goals of the Planning process related to each work activity: Determine what you need to accomplish for the success of the activity or project. Identify the co-workers who will play a role in the task if it is a team project.

- Breakdown the major tasks for the activity into smaller steps that you need to: take for completion, essentially creating a to do list for the project. If other co-workers are working on the tasks with you, assign each person a role and specific responsibilities to divide the workload.

- Establish the timeline for completing the work activity: Assign each individual task that goes into the activity a completion date to make sure everything is completed in a timely manner. Give yourself enough time to complete all associated tasks before the deadline passes.

- Write each due date for the project tasks on your calendar, or set up reminders: that come on your computer screen as the deadlines approach.

- Identify potential problems or barriers you may face for the work activities: Create an action plan to avoid those issues to keep the project on track.

- Send out regular updates and communication to all other employees who are working on the project: This allows all team members to stay informed and update their to do lists and timelines as necessary.
Consumer buying behaviour is the sum total of a consumer's attitudes, preferences, intentions, and decisions regarding the consumer's behaviour in the marketplace when purchasing a product or service.

The various factors that influence the consumer behaviour are as follows:

a) Marketing factors such as product design, price, promotion, packaging, positioning and distribution.

b) Personal factors such as age, gender, education and income level.

c) Psychological factors such as buying motives, perception of the product and attitude towards the product.

d) Situational factors such as physical surroundings at the time of purchase, social surroundings and time factor.

e) Social factors such as social status, reference groups and family.

f) Cultural factors, such as religion, social class caste and sub-castes

Standard behavioural model

The standard model of consumer behaviour consists of a methodical and structured process. Let's take a brief look at each step.

1. **Problem recognition** - the first step is problem recognition. During this step, the consumer realizes that there is an unfulfilled need or want.

2. **Information search** - the next step is to gather information relevant to what you need to solve the problem. Example research on the Internet.

3. **Evaluation** - after information gathered, it is evaluated against a consumer's needs, wants, preferences, and financial resources available for purchase.

4. **Purchase** - At this stage, the consumer will make a purchasing decision. The ultimate decision may be based on factors such as price or availability.

5. **Post-purchase evaluation** - At this stage, the consumer will decide whether the purchase actually satisfies his needs and wants.
Four types of consumer buying Behaviour

Wants are unlimited and resources to satisfy these wants are limited. So the consumers think rationally before buying any product. Buying toothpaste is totally different from buying a luxury car. The more expensive the good is the more information is required by the consumer.

Concepts related to consumer buying behaviour are as follows:

- **High involvement** : The term means when the consumer is highly involved while buying a product. Generally this situation happens in case of expensive or luxury goods. Like while buying a diamond necklace a consumer is highly involved.

- **Low involvement** : this term means when the consumer is not highly involved while buying a product. It happens in case of low price goods. Like while buying toothpaste a consumer is not highly involved.

- **Significant differences between brands** : It means when there are significant differences between brands.

- **Few differences between brands** : It means when there are very little differences between brands.

There are four types of consumer buying behaviour on the basis of buyer involvement while purchasing any product, they are:

1) **Complex buying behaviors** : When the consumer is highly involved in the buying and there are significant differences between brands then it is called complex buying behaviour. So in this case the consumer must collect proper information about the product features and the marketer must provide detailed information regarding the product attributes. For example consumer while buying a motorcycle is highly involved in the purchase and has the knowledge about significant differences between brands.

2) **Variety seeking behaviors** : In this case consumer involvement is low while buying the product but there are significant differences between brands. Consumers generally buy different products not due to dissatisfaction from the earlier product but due to seek variety. Like every time they buy different washing detergent just for variety. So it is the duty of the marketer to encourage the consumer to buy the product by offering them discounts, free samples and by advertising the product a lot.

3) **Dissonance buying behaviors** : here consumer is highly involved in the purchase but there are few differences between brands. Like consumer while buying a floor tiles buy them quickly as there are few differences between brands.

4) **Habitual buying behaviors** : In this case there is low involvement of the consumer and there are few differences between brands. The consumer buys the product quickly for example toothpaste.
Knowledge of complete documentation

· To interact and satisfy the customer with your service it is of paramount importance that the employee is technically equipped with rules and regulations and is aware of the procedures and complete documentation within the organisation.

· This is of importance because the customer may turn with any request at any level of your services. It could be when placing an order of a huge number of goods but has a special request that each of the unit is gift wrapped. Then the executive should know which department to turn to and how to document and execute the request.

· There could be complaints of the malfunctioning of a product delivered at the customers address. In such a scenario documentation work is required within the organisation and coordination with external agencies.

· Knowing procedures and appropriate documentation makes a staff efficient and time oriented. He is able to guide the others once well versed with complete procedures and knowhow of the system within an organisation.

· Proper training and job on experience enhances the skill of the employee and creates the confidence to perform and sharpen his skills to render better services which in turn is revenue earning for the organisation. In all knowledge of complete documentation is a Win-Win situation for all the agencies associated in the transaction i.e., the organisation itself, the departments, the other outside agencies, the employee and the most important customer satisfaction.

Etiquette at workplace: Display courteous behaviour at all times

Being polite sets the tone for work relationships, how you interact with people. Good manners mean good business. It takes 15 seconds to make a good first impression, and the rest of your life to undo it, if it was a negative one. So always be prepared to look and sound your best.

How to deal with difficult people making impossible demands?
Focus on listening to their entire request and then determining what they really need— not what they say they want. A good hearing can resolve a lot of difficulties. Active listening is the best etiquette.

Your uniform talks a lot about your organisation.
First Impressions are made within the first 5 minutes of meeting someone.
A neat clean and well ironed uniform is acceptable and appreciated by one and at all times.
In business introductions, rank and position take precedence over age and gender. Whenever you find yourself in a group or in situations where you must introduce a colleague to a senior person or your client to your boss, always say the name of the most important person first to show respect.

The right hand shake: The handshake is the universally accepted way of greeting people and introducing oneself in the business world. It should be a warm, palm-to-Palm handshake, lasting about 3-4 seconds.

Value time, value business: Time is precious, time is money. Be time conscious and stick to the rules of punctuality. Final advice on workplace etiquette is simple take charge of what is your duty, maintain proper decorum at all times and always treat others the way you want to be treated.

Examples of phrases that communicate etiquette:

Expressing general requests

- I beg your pardon
- Excuse me
- Sorry?
- What?

Greeting somebody:

- Please have a seat.
- Thanks for agreeing to meet with me.
- He will be right with you.
- Can I offer you something to drink?
- My pleasure.
- Hello sir, how are you?
- Hello, may I speak to Mr Malik? (on telephone)
Management is explained with reference to its basic functions which include planning, organizing, coordinating and controlling. Similarly Management is described as a process which involves various elements. Management process is a continuous one and is run by the managers functioning at different levels. Management is now recognised as a distinct process in which managers plan, organize, lead, motivate and control human efforts in order to achieve well defined goals. Process means a series of activity/operations undertaken, conducted for achieving a specific objective. Process is a systematic way of doing things, for example in a factory there are production process. Similarly in the management process resources and human efforts are used in an orderly manner for achieving specific objectives.

Definition: “Management is the distinct process by which the managers create direct maintain and operate purposive organization through systematic, coordination and cooperative human efforts”

Functions of Management:

The essential elements/components of management process are four:

1. Planning
2. Organizing
3. Directing
4. Controlling

We made add some more elements in the management process, the elements are:

1. Motivating
2. Coordinating
3. Staffing
4. Communication

The elements in the management process are basic functions of management. These functions constitute the management process in practice. This process suggests that a manager is supposed to do or the basic functions that he has to perform while managing the job assigned to him.
Success of business concern is dependent upon the ability of its leadership. Leaders and leadership exist in all types of organization. Whenever and in whatever situation if someone tries to influence the behaviour of another individual or a group, there is leadership.

Definition: “Leadership is generally defined as influence, the art of process of influencing people so that they will strive willingly towards the achievement of group goals”

“Leader is one who guides and directs others. He must give effective direction and purpose”

Need and importance of leadership

- Directing group activities
- Technological, economic and social changes.
- Better utilization of manpower.
- Sources of motivation
- Developing good human relation.
- Promoting the spirit of co-ordination
- Fulfilling social responsibility.

Qualities of a good leader:

- Physical appearance and strength.
- Mental vigor
- Emotional stability
- Sense of judgement
- Goodwill
- Motivation
- Communication skills
- Guiding ability
- Technical knowledge

Types of Leadership

The two main types of leadership, autocratic leadership and democratic leadership.

**Autocratic leader:**

A leader is one who wants to run the organization all by himself. He frames the objectives of the organization and requires the followers to achieve the objectives. He gives specific directions to his followers and is regularly informed of the progress in work. In this type of leadership there is no delegation of authority to his subordinates. The ultimate control lies in his hands and involves nobody in the decision making process.
Democratic leader:

In this type of leadership the leader believes in participative decision making. He consults and asks for opinions from his subordinates and superiors. The subordinates are a part of the decision making process. In this type of leadership, there is delegation of responsibility and authority in return the results are evaluated and appreciation is carried out for good work. As the name suggests a democratic leader believes in freedom of work.

INITIATIVE

In the globalist economy and organizations with immense competitive edge believe that human resources are an asset to the organization. In the present world organizations believe in yield and productivity therefore working environment is made conducive for employees to perform. Even though there are modern techniques and ideologies to motivate employees personal participation by the employee is a must. In other words, initiative by employees and their attitude towards work and work satisfaction is evaluated by corporate leaders.

Initiative means an employee volunteering and accepting work by himself. He is ready to take up challenges and plan and organize his work to reach the desired goal.

MOTIVATION

Management is the art of getting things done by others. Getting work done is a difficult task. It is related to human behaviour. The success of any organization depends upon the behaviour and interest of the organization. Before guiding and directing the employees, the reason for such behavior should be identified. The management can strategically motivate the employees based on such reasons.

Definition: Motivation is the process of attempting to influence others to do your will through the possibility of gain reward.

“Motivation is the act of stimulating someone or oneself to get a desired course of action, to push the right button to get the desired results”

Theories of Motivation:

1. Maslow’s theory of hierarchy of needs:
   Maslow classified needs as lower needs and higher needs namely
   - Basic psychological needs
   - Safety and security needs
   - Belonging and social needs
   - Self-esteem and status needs
   - Self-actualization need

2. Theory X and theory Y
Meaning and definition of MBO

Management by objectives (MBO) is a process of defining objectives within an organization so that management and employees agree to the objectives and understand what they are in the organization.

Definition: “MBO is the establishment of effectiveness areas and effectiveness standards for managerial positions and the periodic conversions of these two into measurable time bound objectives linked vertically and horizontally and with future planning”

Process of MBO

1. **Set organizational goal:** First is to establish the goals. In some organizations superiors and subordinates work together to establish goals. In other, superior established goals for subordinates.

2. **Joint goal setting:** Joint goal setting i.e. establishing short term performance objectives between the senior and the subordinate in a meeting between the two. The manager may ask each subordinate to write his goals, while in turn the manger writes out the goals he thinks subordinate should have. Then a detailed discussion between the two, reach to a common consensus and objectives are set for job profile and measurement of performance.

3. **Performance review:** This involves the performance standard for the subordinate in previously arranged time period. As subordinates perform they know fairly well what there is to do, what has been done and what remains to be done.

4. **Set check post:** This step helps determine possible training needs. This is done by a comparative study of actual level of goal attained in comparison with the goals agreed upon.

5. **Feedback:** They employees who receive frequent feedback concerning their performance are highly motivated than those receives negative feedback. Relevant and timely feedback helps satisfy motivates and the employee guides himself in achieving new targets.

Advantages of MBO:

- Increases employee morale and motivation.
- MBO provides more objective appraisal criteria.
- MBO forces and aids in planning.
- MBO identifies performance deficiencies.
- Helps the manager to develop personal leadership.

Disadvantages of MBO:

- Pressure oriented.
- Time consuming.
- Increase paperwork.
- Realistic goal setting problem.
Major components and principles of retail operations
Inventory means a list of goods and materials available in stock by a business. The scope of inventory handling concerns physical inventory, receiving the inventory, identifying the available physical space for the inventory, replenishment, identifying the returns and defective goods.

Inventory handling involves systems and processes that identify inventory requirements, set targets, provide replenishment techniques, report actual and projected inventory status and handle all functions related to the tracking and management of materials.

There are three basic reasons for keeping an inventory:

1. **Time**: The time lags present in the supply chain, from supplier to user at every stage, requires that you maintain certain amount of inventory to use in this lead time. However, in practice inventory is to be maintained for consumption during ‘variation in lead time’. Lead time itself cannot be addressed by ordering that many days in advance.

2. **Uncertainty**: Inventories are maintained as buffers to meet uncertainties in demand, supply and movement of goods.

3. **Cost effectiveness**: Ideal condition of “One unit at a time at a place where a user needs it, when he needs it” principle tends to incur lots of cost in terms of logistics. So bulk buying, movement and storing brings in cost effectiveness. Thus inventory is needed.
CHAPTER II

INVENTORY HANDLING PROCESS I

Most important element to a successful and accurate physical inventory is proper planning and preparation. Written procedures that are understood by all involved is a good step that will help to ensure a well-controlled and disciplined count, which will be more efficient and take less time.

Step I – Preparing for a Physical inventory

a. Schedule the count dates: Set the count date well in advance so everyone has time to prepare for it a schedule around it.

b. Human resource consideration: While the availability and experience of staff is important, checks and balances and personal accountability I equally important. If internal theft is a problem, retailer cannot depend on a completely accurate count. Wherever possible retail should rotate his staff to areas for which they don't have direct responsibility.

Step II – Selecting counting methods

There are various methods of counting. The best method depends in part on how merchandise is managed and how your stores or stock locations are laid out.

a. Computer generated count sheets:
   These are pre-printed lists of inventory generated by retailer's software that can be used to record your inventory on hand counts.

b. Manual count sheets:
   These are merely lined forms that allow you to record the product id, quantity and if needed retail of merchandise being counted. This manual method can be affected from wall to wall counts.

c. Portable inventory devices:
   Portable inventory scanners can be the most effective method for taking an inventory, especially when barcodes are used on the merchandise. Portable scanners are most effective when the entire inventory is bar coded.

d. Inventory services (outsourcing):
   Several third party companies specialize in taking physical counts. Their advantage is that they are inventory specialist and are impartial. The disadvantage of an inventory service is that they are not knowledgeable about your merchandise, inventory practices and stock location and also lack of quality and professionalism of the count team.
Step III – Creating a fixture map

A fixture map is a physical layout of the store and all stock locations. Each fixture rack and back stock location should be assigned a fixture map code that refers to a slip code that will be used for counting.

When assigning fixture map slip codes be sure your code can be used by your counting device, software and or counting services.

Step IV – Prepare/ Order/ Supplies test procedure

a) Make sure count slip, physical scanners are all ordered and scheduled.

b) Make sure portable devices are tested and that teams can upload the data in a format readable by your software.

c) Make sure all prior counts have been deleted from memory and reset the download process.

d) Refresh memory of procedures, the last thing someone wants to do at the end of the long day counting is to inadvertently delete data from its readers before it is captured and confirmed.

Step V – Visiting the inventory

Prior to counting inventory is the most important to relook and recheck the counting. Teams should go through each display and ensure that inventory isn't misplaced, damaged or absolute and make sure all merchandise is tagged.

This will not only save time during the counting process, but it will provide an opportunity to clean up, restream and markdown or even return expired or damaged inventory.

STEP VI – Taking the count

Before the count begins and until the initial count audit, all inventory transaction and movements should be stopped. Physical counts should only occur when the store is closed so sales aren't occurring and inventory isn't being moved for customers or vendors.

STEP VII – Verifying counts and audit

It is important that preliminary audit be performed as goods are counted. Simple verification counts of the total number of pieces per fixture/ slip can be easily achieved and allow you to recount slips with discrepancies and make sure entire sessions haven't been missed.
Merchandising management is the science of evaluating human behaviour and buying habits in order to determine the best way to stock, display, and sell goods at retail stores. Retail merchandising also refers to the various activities undertaken by the retailer to increase the sale of products to the purchaser for their end consumption. Every retail store has its own line of merchandise to offer to the customers and cater to their needs and wants. The management should ensure that they decide a suitable display of their merchandise as it plays an important role in attracting the customers into the store and inducing them to purchase as well. They should appreciate the fact that the ways the product are displayed and stocked on the shelves play an important role in influencing the buying behaviors of the individuals.

Apt merchandising management helps in the attractive display of the merchandise at the retail store in order to augment their sale and generate profits for the retail store and make the customers a brand loyalist. The management of the retail outlet can maximize their sales by effectively following the “P’s” of marketing, namely, Product, Pricing, Promotion and Place.

a) **Remarkable PRODUCT:**
   The demonstration of the merchandise at the retail store must attract the customers. Must ensure that the products are exclusive, difficult to get at any other outlet, in accordance to current season, as per the latest trends as well as good quality.

b) **Distinctive PRICING:**
   The prices of the products should be competitive as per the market structure. For setting the pricing policy the merchandiser must select the pricing objective, determine the demand, estimate the total cost, analyse competitors cost/prices and offers, select a pricing method and then select the final price. Attractive prices, discounts, rebates also bring customers to the stores.

c) **Attractive PROMOTIONS:**
   Promotion is an important element since it involves communicating information between the seller and potential buyer or others in the channel to influence attitudes and buying behaviour. It can be through advertising, sales promotion, personal selling, publicity, public relations, direct marketing, trade fairs, exhibitions, sponsorship, eye-catching packaging etc.

d) **Distinct PLACE:**
   The setup of the store should be such that once a customer enters into a store, he should through each and every department.
Having the right stock at the right place at the right time with the right promotion and pricing of products maximizes sales and reduces the need for future price cuts.

Additionally it also helps to:

- Minimize out-of-stocks, loss sales, overstocks and concessions.
- Access real time detailed views of inventory across stores and channels.
- Manage and optimize for style colour and size.
- Cut inventory cost.
- Calculate demand plans.
- Determine pricing policy.
- Facilitates multi-locational inventory.

**MERCHANDISE PLANNING**

Investing more in inventory and getting less returns on these investment are bad indicators of merchandise planning in an organization. Merchandise planning is “A systematic approach. It is aimed at maximizing returns on investment through planning sales and inventory in order to increase profitability. It does this by maximizing sales potential and minimizing losses from mark-downs and stock-outs.”

Thus, profitability is a key driver of most business. Effective merchandise planning derives margin increase directly to the profits. There are two major areas of profit leakage in retail. Firstly, lost sales resulting from lack of stock and secondly forced margin reduction due to excess stock.

**SETTING OBJECTIVES OF MERCHANDISING PLAN**

a) The primary objective of merchandise planning is profit improvement. As the function of merchandising deals with the actual procurement of products for the retailer, it has implication on other areas of business.

b) Another main objective of planning is to maintain an inventory at such a level to meet the anticipated customer demand.
c) It helps in timing the delivery of purchase so that merchandise is available for sale when customers demand.

d) It also helps in keeping purchases in line with the store's ability to pay for them.

e) It also aims at having funds available for the purchase of new goods when needed.

**ORGANIZING THE BUYING PROCESS BY CATEGORY**

Consumer Buying Behaviour is defined as the decision process and acts of people involved in the buying and using products. The retailer needs to understand why consumers make the purchase that they make, what factors influence consumer purchases and the changing factors in our society. Types of consumer buying behaviour are determined by:

- Their intensity of participation in buying and making decisions.
- Significance and interest in a product in a particular situation.
- Buyers level of involvement.

Factors that influence the consumer buying decision are:

1) Personal
2) Psychological
3) Social

1) **PERSONAL:**

- Unique to a particular person. Demographic factors such as sex, race, age etc.
- Who in the family is responsible for the decision making.
- Young people purchase things for different reasons than older people.

2) **PSYCHOLOGICAL:**

Psychological factors include:

**Motives:**
A motive is an internal energizing force that orients a person's activities toward satisfying a need or achieving a goal.

**Perception:**
Perception is a process of selecting, organizing and interpreting information inputs to produce meaning. Information inputs are the sensations received through sight, taste, hearing, smell and touch.
Ability and knowledge:
Learning, changes in a person's behaviour caused by information and experience. Therefore to change consumers behavior about your product, need to give them new information regarding products.

Attitudes:
Individuals learn attitudes through experience and interaction with other people. Consumer attitudes towards a firm and its products greatly influence the success or failure of the firm's marketing strategy.

Personality:
All internal traits and behaviour that make a person unique. Examples are workaholic, self-confidence, friendliness, ambitious, introvert, extrovert, aggressiveness, competitiveness etc. Traits affect the way people behave. Retailers try to match the store image to the perceived image of their customer.

Lifestyles:
Lifestyles are the consistent patterns people follow in their lives.

3) SOCIAL

Consumer wants, learning, motives etc. are influenced by opinion leaders, person's family, reference groups, social classes and culture.

Opinion leaders: Spokespeople, media etc., retailers try to attract opinion leaders. Retailers actually pay spokespeople to market their products.

Roles and family influence: Things you should do based on the expectation of you from your position within a group. People may have many roles that of, husband, father, employer, employee, etc. Family is the most basic group a person belongs to, therefore retailers must understand the behavioral pattern of each member of the family in different stages of life.

Reference groups: Individual identifies with the group to the extent that he takes on many of the values, attitudes or behaviours of the group members. The degree to which a reference group will affect a purchase decision depends on an individual's susceptibility to reference group's influence and the strength of his/her involvement with the group.

Social class: The criteria can be occupation, education, income, wealth, race, ethnic groups and possessions. Social class influences many aspects of our life, family, reference groups and social classes are also social influences on consumer behaviour.

Culture: Culture refers to the set of values, ideas and attitudes that are expected by homogenous group of people and transmitted to the next generation. Culture also determines what is acceptable with product advertising. Culture determines what people wear, eat, reside and travel. Culture can be divided into sub-cultures:

a) Geographical regions
b) Human characteristics such as age and ethnic background.
BRANDING

The American marketing association defines a brand as a name, term, sign, symbol or design or a combination of them intended to identify the goods and service of a seller or group of sellers and to differentiate them from those of other sellers.

The objectives that a good brand will achieve include:

1) Delivers the message clearly.
2) Confirms your credibility.
3) Connects your target prospects emotionally.
4) Motivates the Buyers.
5) Concretes user loyalty

Meaning of Branding :

The process involved in creating a unique name and image for a product in the consumer's mind, mainly through advertising campaigns with a constant theme is called branding. Concept of branding goes back to early days where man started stamping their cattle with burning sign or symbol on his livestock/cattle to distinguish them from other cattle's. Now various retailers like spencer, Big Bazaar, Cooperative stores, super markets, Reliance fresh, Nike, Adidas, Levis etc. have branded their products.

Need for Branding:

● To convey that you are established.
● To attract more clients.
● To increase your credibility.
● To be more memorable.
● To stand out in your field.
● To look bigger.
● To give your clients a sense of assurance and stability.
● To explain your company name.
● To stand out in competition.

Tips to promote retail Brand:

● Signage
● Advertising
  ■ Billboards
  ■ Coupons
  ■ Private label

* Explanation and notes
PRIVATE LABELLING

It is defined as licensing your product to another company to sell under its own name, rather than yours. Private label goods and services are available in a wide range of industries from food to cosmetics to web hosting. They are often positioned as lower cost alternatives to regional, national or international brands although recently some private label brands have been positioned as premium brands to compete with existing name brands. Private label is an effective way to promote one's brand at low cost. Private label brands are those offered by retailers. There are various advantages for the retailers to go for private label brands. The advantages include:

a) Control over the pricing of the product/service.

b) Create personalized image which in turn leads to higher customer loyalty.

c) Higher control on production marketing, distribution and profits.

d) Give own inputs, additional materials, logos, tagline etc.

e) Consumer customer changing preference - drive toward private labelled products.

PRICING IN RETAIL:

Today's modern retailer of fast moving consumer goods faces more pressure than ever to compete and succeed. To survive and thrive in the highly competitive retail world, retailers must become more attentive and meticulous with their pricing. Consumer’s demand fair price in exchange for their business and are constantly comparing the price while they shop.

Definition of Pricing:

The sum or amount of money at which a thing is valued, or the value which a seller sets on his goods in market, that for which something is bought or sold, or offered for sale, equivalent in money or other means of exchange, current value or rate paid or demanded in market or in Barter, cost.

Role of Pricing in Retail:

The purpose of the business is to maximise profits and therefore, pricing of products would have to be done carefully to ensure that the same can be achieved. Other pricing objectives could be to help achieve the targeted sales, to maintain or enhance market share or to meet or prevent competition. It is interesting to note that the perceptions of price is different for the retailer and the consumer. For the retailer, it is the key element of the retail mix, while for the consumer, it is the measure of the value of the total bundle of satisfaction they are offered.
There are few factors which need to be taken into consideration for setting up retail price.

1) Demand for the product and the target market.

2) Store policy and the image to be created.

3) Competition for the product and the competitor's price.

4) Economic conditions prevailing at that time.

A retailer's pricing objective should be in agreement with its mission statement and merchandising policy. Typical pricing objectives include:

1) Merchandising object.
2) Location
3) Promotion
4) Store image
5) Customer service
6) Credit

**Determinants of retail price setting**: There are several determinants that affect retail pricing strategy. They are:

1) **Cost**: This includes cost of buying merchandise, cost of running business, promotional cost and cost of investment for further expansion. Higher the cost incurred by the retailer, higher is going to be the cost of the product.

2) **Desired level of profit margin**: Profitability of retail business is influenced by two factors: i) The margin of profit on the offering that are sold and secondly the cost involved in selling the merchandise. These factors influence the profitability of the store.

3) **Suppliers**: There may be conflicts between manufacturers and other suppliers and retailers in setting final prices since each would like some control and want to price the product or services according to their own image goal and objectives when suppliers are unknown or products are new retailers may seek price guarantee.
4) **COMPETITORS:**
   The competitor environment affects the freedom of the retailer to fix the price to a great extent. Market pricing occurs when shoppers have a large choice of retailers. In such a situation, retailers often price similarly to each other and have less control over price because consumers can easily shop around.

5) **GOVERNMENT:**
   Role of government in determining the price for the retailer is one of the key determinants, for example the price of petrol in India is greatly influenced by the government in power.

6) **CUSTOMERS:**
   A retailer needs to understand the behavior of the customer who is his target segment. Consumer behavior is based on various personal, social and geographical factors and presents a major challenge for retailers while setting the price.
CHAPTER I

CONCEPT OF PHYSICAL DISTRIBUTION

Physical distribution is defined as the group of activities that deals with the supply of finished product from the finished products to the end consumers. The distribution channel includes both wholesale and retail channels. It also includes several critical decision making areas like customer service, materials, inventory, packaging of the finished product, order processing and fulfilment, logistics, etc.

The main functions of the physical distribution system are as follows:

- **Customer Service:**
  The main function of Customer Service personnel is to set a standard for customer satisfaction that must be ensured while delivering a product to the consumers and ensuring the maintenance of the standard.

- **Order processing:**
  It is a very crucial function dealing with taking orders from the customer in an efficient manner. It is directly concerned with customer satisfaction. The efficiency of this function helps to minimize costs involved in the supply chain like transportation, logistics, inventory etc.

- **Inventory control:**
  This also plays a major role in the physical distribution system. There are different types of inventory control systems like first in first out, flow through systems etc.

- **Transportation and logistics:**
  Comprises of obtaining raw materials from the suppliers and final delivery of finished products to the end consumer.

- **Packaging:**
  This function is concerned with the type of packaging used for the product which depends on the type of the product and protection required for the product.

CONCEPT OF LOGISTICS

Logistics is concerned with getting the products and services from where they are needed and when they are needed. Logistics involve integration of various functions such as transportation, warehousing, packaging, material handling, inventory management, information management etc.
Logistics management can be defined as “systematic flow of products, services, resource and information from date and place of manufacturing to date and place of consumption by carrying out various functions such as planning, warehousing, transportation and material handling at the most economic cost and minimum possible time whenever, wherever the need arises”

Operational objectives of logistics:

1) **Rapid response:**

- Rapid response is concerned with the ability of the firm to satisfy the customer's requirements/customer's order in a timely manner.
- It refers to the ability of the firm to respond to the customer's order in the shortest possible time.
- IT has increased the capacity to postpone the logistical operation to latest possible time and then to accomplish rapid delivery of required inventory (product).
- This results in elimination of excessive inventory which were traditionally stocked in anticipation of customers requirements.

2) **Minimum Variance:**

Variance refers to the difference between the actual logistical performance and perceived (expected) logistical performance.

Variance may occur due the following reasons:

- Customer order is received too late.
- Disruption in production
- Goods reaching customers location in a damaged condition
- Delivery to an incorrect location etc.

3) **Inventory Control:**

- The success of an organization to a large extent depends upon how they are able to manage their inventory control.
- Inventory is associated with a huge baggage of cost such as transportation cost, warehousing cost, material handling cost etc.
- Thus, one of the objectives of logistics is to reduce inventory to the lowest possible level.
4) **Quality:**

- One of the objectives of logistics is to make continuous improvement in logistic performance/logistical activities.

5) **Movement Consolidation:**

- Movement consolidation is concerned with transportation cost.
- Transportation costs are directly related to:
  - i) Type of product
  - ii) Size of product
  - iii) Distance

6) **Lifecycle support:**

A company has to support a product not only while selling it but also after the product is sold out. This includes:

- **After sales service:** This includes the service support needed by a product once it is sold.
- **Reverse logistics:** This involves the process of moving a product from its point of consumption to the point of origin. It involves flow of goods and services from the customer to the company. Thus it is a situation wherein flow of goods and services is reversed.
Supply chain is a network of organizations that are having linkages both upstream and downstream, in different activities and processes that produce and deliver goods and services to the ultimate customer.

Supply chain consists of all the stage that are required to satisfy the customer's request. It starts with the supplier and passes through the manufacturer, wholesaler, and retailer and finally reaches the customer.

Definition: “The integrated management of all linkages and value added activities from the supplier's supplier to the customer's customer in such way that enhanced customer value is achieved at lower cost”

In supply chain management, there are mainly three flows:

- **Product Flow:**
  It involves movement of goods from supplier to a customer, through the manufacturer, distributor and retailer.

- **Information Flow:**
  It involves transmitting orders and updating the status of delivery. The information flow is vital for the success of Supply chain management.

- **Financial Flow:**
  It consists of credit terms, payment schedules, payment of money for materials, products etc.

In the supply chain the product flows towards the end customer, information flows both the ways and the financial flow is towards the supplier i.e. customer pays the retailer for the product, retailer to the wholesaler and so on.

**OBJECTIVES OF SUPPLY CHAIN MANAGEMENT**

1) **To maximise the overall profitability:**
   The supply chain profitability is the difference between the amount paid by customer to purchase the product and the cost incurred by the organization to produce and supply the product to the customer at the right time.

2) **Enhancing customer service:**
   SCM aims at avoiding any kind of service failure and provides efficient services to customers, thereby leading to customer satisfaction.

3) **Reduce inventory cost:**
   Due to efficient supply chain management there is a greater coordination and cooperation among the members which help to reduce inventory thereby reducing inventory cost.
1) **Reduce warehousing cost:**
   Reduction in warehousing cost as there will be less held up of inventory.

2) **Reduced transportation cost:**
   Transportation cost is reduced through proper planning and network and by using transportation principles like economics of scale and economics of distance.

3) **Ensuring on-time delivery to customers:**
   SCM should work effectively and efficiently and thereby ensure on-time delivery to customers.

4) **Minimizing Variance:**
   SCM through standardization of activities and processes helps to reduce variance between actual results and perceived results.

**PARTICIPANTS IN SUPPLY CHAIN**

**Supply chain generally includes:**

1) **Suppliers:**
   These are the organizations that provide goods and services (raw materials) to purchasing organizations (usually manufacturers).

2) **Manufacturers:**
   These are the organizations that are engaged in the production of goods and services. Manufacturers sell their goods to others like distributors/wholesalers/retailers in the supply chain for resale.

3) **Distributors:**
   Distributors are typically middle-men that purchase goods from manufacturers with an intention in reselling them to others in the supply chain.

4) **Customers:**
   Customers are the end receivers or users of the product or service. They are an essential part of the supply chain as they are the ultimate consumers of the products and services.
DIFFERENTIATION BETWEEN LOGISTICS AND SCM

<table>
<thead>
<tr>
<th>LOGISTICS</th>
<th>SCM</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is concerned with getting good and services where they are required and when they are desired.</td>
<td>SCM encompasses all the activities associated with movement of goods from raw materials stage to end user.</td>
</tr>
<tr>
<td>Logistics is a narrower concept</td>
<td>SCM is a broader concept</td>
</tr>
<tr>
<td>Logistics is concerned with inbound, manufacturing and outbound process.</td>
<td>SCM coordinates and cooperates among value chain members</td>
</tr>
<tr>
<td>Logistical activities are conducted within the organization.</td>
<td>SCM functions outside organization</td>
</tr>
<tr>
<td>It originated from military logistics.</td>
<td>SCM originated from business logistics</td>
</tr>
<tr>
<td>Logistics is mainly concerned with optimizing the cash flows within the organization i.e. emphasize on internal integration</td>
<td>SCM recognizes that internal integration by itself is not sufficient. So emphasis on internal integration as well as on external integration</td>
</tr>
<tr>
<td>The objective of logistics is to minimize costs</td>
<td>The objective of SCM is to maximize profitability</td>
</tr>
<tr>
<td>There are two flows in logistics: Product flow (i.e. flow of goods and services) and information flow</td>
<td>There are three flows in SCM: Product flow, information flow and financial flow.</td>
</tr>
<tr>
<td>The focus of logistics management depends upon the management of resources within the organization.</td>
<td>The focus of SCM depends on the management of relationship in order to achieve a more profitable outcome for all parties in the chain.</td>
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IMPORTANCE OF SUPPLY CHAIN MANAGEMENT

Advantages of SCM are:

1) Market coverage, specialization, customer contacts and lower cost.

2) Facilitates the creation and implementation of effective marketing strategies.

3) Effective marketing knowledge, market segmentation and selling skills.

4) Effective delivery, customer service (Pre and post purchase) and manufacturer services.

5) It is important to create valuable relationship between every participant in business chain and SCM facilitates that.
6) Due to SCM, customers get goods and services at the doorstep as quickly as possible.

7) SCM helps to provide corporate image to the organization.

8) SCM builds trust: It creates and builds trust among members of supply chain by sharing authentic information.

9) Avoids wastage: Due to the adaptation of supply chain technique the level of wastage gets reduced which reduces the manufacturing cost, inventory cost, labor cost etc.

The seven principles of SCM are:

1) **Customer is the King:**
   Organizers must consider about customers because without them business operations are meaningless. If you don't meet their requirements your existence is meaningless.

2) **Management of Logistics:**
   Customize the logistic network to the service/product requirement and also manage the profitability. It involves determination of location for distribution, management of inventory, transportation etc.

3) **Customer management:**
   It focuses on the need to be properly organized so that the customer gets the desired service.

4) **Process integration:**
   Time and speed are the most important factors. For success the requirement is real time information sharing among the chain partners and planning together is also critical.

5) **Leveraging of manufacturing and sourcing:**
   Manage sources of supply strategically to reduce the total cost of owing material and service. For example, the flow of the product from the manufacturer to the wholesaler, the wholesaler to the supplier, the supplier to retailer and the retailer to the end consumer, this chain needs to be planned monitored and controlled to reduce wastage and increase productivity.

6) **Strategic alliances and relationship management:**
   Every chain partner in a supply chain leads to strategic alliances across the chain. These partnerships need to be developed and maintained through effective relationship management.

7) **Develop performance measuring tools:**
   Performance measures are basically development of standards of performance so that suitable actions can be taken at the right time.