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## A SYSTEM'S APPROACH TO HUMAN DEVELOPMENT

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Some people work hard to turn theory into practice. The case on labor organization I will now present you is rather the contrary: it was a problem for me to formulate the theory related to the action realized.

In fact, I will present you the solution that was developed to resolve what is and what will remain a major chain store managerial problem: the quality of the store operations and controls from a distance.

This experience was realized with A.V.A., a four year old retail division of Provigo, Inc., where I was the general manager. The division operated 20 large supermarkets scattered throughout the province. Most of the upper management team was young and inexperienced and had to supervise stores that were hundreds of miles apart. A tour of the chain took almost 20 hours of traveling time alone.

We aimed at developing a system which could meet several objectives among which: the increase of the store level autonomy; the reduction of the need for supervisors to travel; improved detection of problems in remote stores; development of better training tools, to accelerate the development of our young and inexperienced store managerial staff, etc. All of this being a major managerial task.

Fortunately, the top directors of the division combined a large amount of

food chain operation and managerial know-how even though they were relatively new with the Provigo organization.

On the models of such systems as the integrated management system, management by objective, the participative management, the PPBS budgeting, the grid and other current theories of the organization development field we built what we finally called an "integrated retail management system." At its start, the project was intended to be a simple operation supervision system, but as we went along, we extended its scope and it ended up covering the total organization in all its activities. It ended up being a "total management system" which inter-linked all the activities of the division. The entire management team, from department head to the general manager were included in the system.

It is my purpose to make a brief tour of the major elements of the system which gave surprising results in a short period of time even though several of its dimensions still require sizable developments and improvements.

The retail organization has to be mainly centered on its point of sale activities since it is there that it truly earns its profit. The purpose of organizational activities are to support, one way or another, the store activities. This simple view became more and more obvious as we progressed along in our project; but let's start with the beginning.

The first task we tackled was to analyze and redefine all the managerial jobs of the store operation group in relation to the organization strategies, objectives and policies.

Our purpose was to assure that all the tasks were structured according to the basic administrative process (planning, organizing, directing and controlling) but in precise terms of execution.

The first group of jobs we defined were the department head jobs and we went up the scale from there.

As said previously, the managerial process had to be translated into what they really meant in the context of the job we were analyzing and describing. The description had to account for the right level in the management scale; had to take into consideration the exact responsibility--power (or authority) weight of that level; had to provide for concentration for that level and for the relationship with other levels of management up, down or at the same level. Hence, in the description of the department head "planning" section, for example, it read like this:

- Attend the weekly store management meeting and prepare the sales forecast and labor projection;
- Prepare the weekly labor and employee time schedules according to the labor projection;
- Prepare the following week merchandising promotional plan and revise it with the store manager, etc.

The resource informations and tools to help the preparation of the task was also referred to (e.g. weekly promotional bulletins; trend book, etc.). However, the job description was not a system and method manual but more of a

job plan. System and method manuals were developed separately.

And so, all the department head managerial jobs were described in precise terms of execution.

We then went one step up and attacked the store manager's job description.

The predominant aspects of this job are:

- First: the major part of the store manager's job is to direct the department heads in their tasks.
- Second: other management and execution tasks proper to that function and that managerial level.

These two basic characteristics were found in all the line jobs, where the direction-control aspect represented a major part of the job. Here, the department head jobs being a delegated extension of the store manager's, it was normal that, in turn, the store manager held a direct responsibility in assuring that the delegated managerial desk was performed.

So we first had to extract the direction-supervision task which represented the major part of the job. It is important to note that no managerial function can be dropped in the scale but must find their way up; through concentration of controls and management process, management by exception, occasional (or spot check) controls and other concentration process. To do this first part, the new department head job descriptions were examined and the store manager's exact task and responsibility in relation to each of his subordinates' tasks were determined; once again, in terms of specific tasks to be done.

For example, the planning section in the department head description calling for him to prepare his weekly merchandising plan had its correspondence to the store manager's description who had to revise the plan with his department head.

And so, the store manager's job ended up being a compliment and a control of his subordinate's job rather than a duplicate. The second part of the store manager's job description covering other managerial and executional functions was prepared from the experience we had of store management together with our organization policies, and descriptions available from other divisions and organizations. The rule of having the task expressed in "real things to be done" rather than general responsibilities were adhered to for all descriptions, no matter what level. To tell someone he is responsible for "planning" means little but if we fully describe what planning means for his specific job, he then can plan without knowing what the theory of planning is.

Further along in the process, the zone manager, the specialists (grocery, produce, meat and maintenance) and the operation director's jobs were described in the same manner.

Here, we had to solve a complex problem of interwoven staff and line jobs involving mainly the specialist and the zone manager in their relations with the store manager and the department head. A situation of conflict of power exists in several chains between the zone manager and the specialist and the absence of proper solutions is frequent in most organizations having his structure.

We will see later how this problem was solved.

However, similar problems exist at the general management level where staff and line functions have to be integrated. This first exercise of describing the store operation jobs opened several new dimensions for us in our business. We found that each task needed certain tools and supports and that the other fields: accounting, marketing, personnel and distribution had to be deeply involved in supplying these tools and support.

At this point the other directors were required to scrutinize all the job descriptions prepared so far and determine what their contributions were to be in order to assure the proper tools would be built to support the operation. For example, if the department head is responsible for training, he needs training tools (manuals, progress evaluation system etc.) and he needs to be prepared to train, and so on and so forth for each task. The bulk of the MBO program for the following year emerged from this indepth examination of the operation functions.

The first process having been satisfactory, it was decided that the supervisory jobs of the other fields (accounting, personnel and marketing) would follow the same plan and so we ended up having built all job descriptions, including the director's and the general manager's, on the same step by step, up-the-scale process, all in precise terms of execution.

At this stage, the conscientiousness of the directors, of their inter-related action, and the need to integrate their efforts to maximize the point of sale results was greater than ever. The central objective was in focus and everyone saw himself more as a part of a whole rather than as a separate function.

At this stage it is important to understand that the job descriptions, as

intended, are more a dynamic than a static tool. It had to incorporate all of the managerial tasks including those concerning formal relationships between people and gave implicitly the limits of responsibilities and power. It was understood that any change in the organizational action had to be incorporated in the descriptions which were intended to be a central control of the management task of the organization.

This preparation of job description, however, was only a first step in the system. Nothing assured that whatever was written in the job descriptions would be executed. The question was then: how to assure complete execution.

The answer we found to this question was to institutionalize the preparation of work schedules for all managers. These schedules were either daily, weekly or periodic, were called management guides and were intended to be a controllable plan of action. This new task was integrated in the job descriptions.

An important pitfall had to be avoided: the preparation of rigid work schedules which would "box" the manager and kill his initiative and which would leave no room for creativity and flexibility. This pitfall was effectively avoided and it would be too long to examine how the management guide was structured for each level of management. However, let's examine the guide for the store operation level; how they were prepared and used.

We then took back each job description and inquired each task as to when it needed to be executed.

With the operation group, at store level, most responsibilities required either daily or weekly action. Certain tasks were fixed (readiness for business) other flexible (revision of employee

training program). At the store level, we ended up with two basic management guides. One weekly and one daily.

The daily schedule concerned mainly readiness for business and routine controls and the weekly had an assortment of managerial tasks and controls.

These schedules were simple work reminders stated in very brief terms (e.g. up date pricing, check rotation etc.) and had space for notes and comments. The corresponding task could be easily traced back to the job description and furthermore to the system and procedure manual (which in turn referred to the policy manual).

The work schedule for other levels of management varied according to the requirement of the job and all were linked to the yearly plan of action developed under the MSO program. The store operation work schedules developed into a major management tool and it is worthwhile to explain how.

Two basic management guides were prepared for store level operations: the daily guide and the weekly guide. These guides were built to suit the jobs of the department heads as well as that of the store manager. Space was provided for evaluation and comments so the document could be used in the supervisory process to evaluate the accomplishment of the task mentioned.

These basic documents could then serve several purposes:

1. The combination of the job description and the management guides (or standard work schedules) proved to be an exceptionally good training tool for the store management staff. The trainee could easily encompass the total scope of his job and the trainer could use the document to prepare the progress reports.

2. In the process of job accomplishment, the work schedules or management guides became the expression of the job accomplishment standard for everyone. Everyone knew what was expected of him and on what ground he would be judged and evaluated.

3. The system transferred a much greater weight at store level and particularly on the store manager, for operation control and direction. The store deficiencies could rapidly be traced to specific managerial tasks not performed and since these tasks were scheduled, the weak link could be almost instantaneously identified. In fact, the store standards improved dramatically in a short period of time and the need for direct on-the-road supervision diminished considerably and could be concentrated in a problem area.

4. The systematic use of the management guides as a formal supervision document, filled in upon their visits by the zone managers and the specialists had a number of positive and important advantages.

a. store supervision dimensions were no surprise and were known to everyone. Upon a visit, what dimensions were verified were known and upon completion, the zone manager or the specialist would revise, with the store manager and the department heads concerned, the points of supervision and prepare with them a plan of action to correct the problem area. This plan would appear in the management guide (which then became a supervisory report) and a copy of the report would be left at store level.

b. the formal supervisory document kept by the zone managers and the specialists allowed a structured progressive supervision of the store operations. Progress could be

traced from supervision to supervision and problems could be more easily indentified.

c. the operation director received a copy of the store supervision reports and through them not only could he rapidly evaluate the problems at store level, but he could also evaluate the work of the zone managers and the specialists in coping with them.

d. store supervision schedules and management by exception were made easier since a complete up-to-date story of each store's operational performance was at hand.

The supervision was also reduced to spot checks of selected points for the stores having high performances in both operational and financial aspects.

e. the supervisory reports were accumulated and became a prime tool for manager's periodic evaluation. In the same way performance depended on the execution of specific tasks, evaluation was based on how these specific tasks were performed rather than on vague abstract qualities.

f. a bonus system, by both the store operation performance based on the evaluation report, and the financial results were considered, was devised but was not yet in operation at the time I left.

g. the use of the management guide as a supervisory report also helped in solving the conflict previously mentioned between zone managers and specialists.

Upon a store visit, the specialist would prepare a supervisory report

which would be discussed with the department head and the store manager upon completion, a related plan of action would be prepared and a copy would be left at store level.

The specialist would then send copies to the zone manager and to the director of store operations whom they were both responsible to.

The zone manager was then responsible for this report to the director of operations. The report acting as an "internal consultant's report."

So, in brief, the management guide served the multi-purposes of training, job scheduling, job and performance evaluation, direction control, bonus allocation, etc., and did much to improve the productivity of our store supervision.

When I left Provigo, the system was in application for over one year and its benefits were quite important and visible in both the quality of our operation and in the financial results of the division.

I could go on for a while in describing how the work organization took place in the other functions--personnel, marketing and accounting; I could describe the side effects of the system which accelerated the preparation and improved the quality of the various tools developed: operational accounting reports and analysis; personnel training programs; promotion and publicity, standardized store filing system to facilitate supervision; store trend books; store budgeting; work scheduling, etc.; etc.

I could also describe how the system was implemented; how it was de-bugged; the major error that had to be corrected; the important change in motivation and dynamics that took place in the organization, etc.

However, this is beyond the scope of this presentation. We have covered the main elements of what we called the "integrated retail management system." The system still requires several improvements and modifications but I believe that the nucleus in place is a valid base on which to build a dynamic management system for large retail organizations.