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POWERFUL WAYS TO MANAGE "FAMILY BUSINESS"

VOL:II

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1. Smart Ways To Build A Productive Team

Every company irrespective of its size and operations seeks to increase and maintain high levels of employee productivity. HR is the costliest function of any company. On an average, wages and salaries roughly constitute 80% of the total costs of a company. It becomes imperative for companies to ensure that employees give their best performances throughout the year.

In spite of the huge spending on salaries and training, most companies fail to achieve the desired productivity levels. This shortcoming results from ineffective HR solutions, policies and systems in place. This article shall attempt to highlight some important steps which could be immensely helpful for building and maintaining staff productivity.

1. Use of Job Analysis and Competency Mapping

Expecting productivity without clearly-defined jobs and without the presence of necessary skills is as good as a shot in the dark. Employees cannot be assigned productivity targets if it is not clearly known what performance is expected of them (which can be derived from their defined duties and responsibilities) and whether they possess the necessary knowledge, skills and expertise to handle the jobs assigned to them or to achieve the productivity targets. Job analysis provides a detailed description of each job in the organization and lists out the attributes required on the part of the employees to successfully and productively complete those jobs. Through competency mapping, companies identify the key competencies or the desired behavioral attributes in employees throughout the organization.

To be productive, every employee must know what their job or role is and they must possess the required technical and behavioral skills to execute those jobs.

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Relevant and Targeted Training

Every job in an organization involves certain unique knowledge, skills and expertise which do not come at tailor-made levels in the employees who are new to those jobs. However, in order to be productive, these skill levels have to be customized according to the needs and specifications of each job or of the required competency. This can be done through training and executive development programs. Through training programs, companies can fine tune the required skills and competencies of the employees thereby enabling them to perform their KRAs productively.

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For example, leadership quality is one of the key competencies for team leaders and supervisors or for anyone leading a team of subordinates in an organization. Several studies and surveys have shown that poor supervision is one the most common causes of productive employees leaving their jobs. It becomes imperative for companies to provide leadership training programs to their managers, supervisors and team leaders.

2. Principled Organization Structure

Productivity cannot usher in a chaos and disorderly environment. Productivity requires a systematic, orderly and principled organization structure. Employees cannot be productive in spite of their best efforts if the organization structure and design lack smooth and systematic flow of work, clarity in authority-responsibility relationships, a balanced span of control, unity of command and clear communication routes.

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3. Responsive and Constructive Performance Management System

A performance management system will be effective only when its output (reports and analysis) is used to introduce meaningful and corrective actions towards the improvement of employees' performance and productivity. Without follow-up activities, having a PMS will be rendered meaningless. Performance feedback should always be constructive and not punitive. Performance-based reward and recognition always carry a positive impact on the morale and productivity of employees. While deciding rewards and recognitions, companies should seek to strike a balance between financial and non-financial incentives. It is equally important to ensure that the PMS is executed with fairness and equity and is not biased or breeding favoritism.

Performance targets should be set realistically so that there's no burnout which could counter fire and bring down the productivity of employees.

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4. Motivation, Morale and Well-being

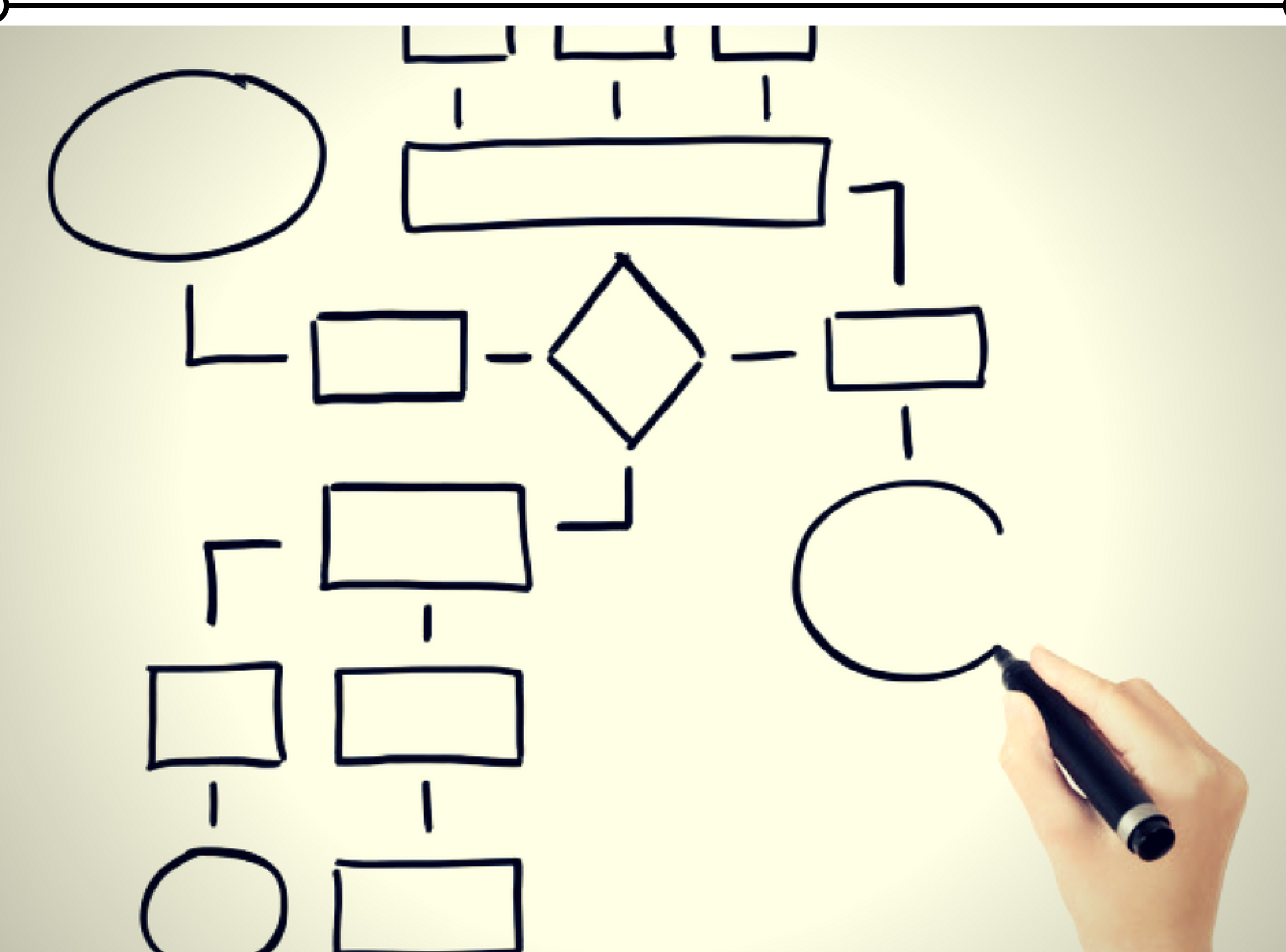
Motivation and morale are the most powerful driving forces behind the performance and productivity of employees. When the employees are motivated they give their best performances which bring positive changes in the productivity levels. From financial to non-financial methods, there is a host of measures which can prove to be very helpful in bringing about positive changes in the motivation and morale of employees.

Employees may derive job satisfaction and motivation from different sources like salary and benefits, career progression, a professional work culture, people-friendliness of HR policies, healthy work environment etc. Respect, fairness and equity are very important aspects of a modern-day workplace. Productive and professional employees prefer to advance in their careers and they seldom shy away from higher responsibilities and authority which makes delegation an important tool and practice in management.

Some of the best companies in the world are known for their pro-people HR practices which go beyond motivation and morale. They focus on the well-being of employees in all the other important spheres of their life (family, children, health, recreation and leisure, travel and vacation etc) by providing them with the opportunities and benefits helpful to strike a right work-life balance. Motivation and work-life balance are crucial for high performance and productivity.

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Business enterprises should strongly bear in mind that although productivity may be a quantitative outcome the strategies and efforts required to keep the employees productive are more of qualitative in nature. Apart from the direct efforts like planned recruitment and training, competitive salaries, a robust organization structure and design, reward and recognition; the productivity of employees are also affected by indirect sources like work culture, friendliness of HR policies, equity and fairness in performance management, motivation and morale and work-life balance.



2. Five Essential Benefits of SOP Implementation

For a budding entrepreneur, managing the initial days of business can be a daunting task, especially if the business is related to the production of goods or rendering services. A business operation can turn into a fish market in an absence of a framework. This is where a well-crafted SOP becomes a savior to your business as it guides you to achieve uniformity in performance. Though you understand the essence of SOP, the question is how it is beneficial to your business. This article helps you to understand, explore and unleash the powerful benefits of SOP in managing your business.

1. Performance Enhancement

Establishing SOP gives you the liberty to check and refine the overall productivity of your business which is the soul motive of an entrepreneur.

SOP guides your employees to follow procedures which bring in uniformity and excels the brand value in the market. When you outline the process in a good SOP, you sync all your production facilities to follow the same framework.

Standardizing the procedure also helps in increasing the efficiency of work as people can continue their jobs without stopping to ask questions which increases their productivity charts as well.

2. Quality & Compliance

Managing a business is not a 1-day cricket match wherein you get the result by EOD. SOP helps you to maintain the level and ensure successive years ahead.

Documented procedures help you to streamline the operations and keep an eye on the quality of your products by reducing errors, minimizing variations or even duplication of service.

If you don't have a framework, it becomes hard for you to explain the compliance structure to governing authorities and portrays a shady picture of your business.

3. Client Relationship

A well-written SOP includes the organogram of your business which describes things and enlists every single detail. Managing your clients is an art and SOP can go a long way in helping you in this regard.

If you have a structured document en-listing a standard way of dealing client interaction, handling queries, branding, follow-ups to name a few, your clients would appreciate this 'self-defined' system and be more confident in engaging business with you in the future.

4. Employee Management

Managing your staff is one of the key components of your daily operations and having an SOP helps you in achieving your objective. If any of your experienced staff leaves unexpectedly, it's a hard time for you to train him for the business and in the meanwhile, your productivity goes for a toss. The same happens if your employee has taken a leave or even when you are planning to open multiple outlets at different places.

A well-written SOP can act as a lifeline for your business as any person can refer to the documents and commence the work. This can also reduce your training costs; however, it also depends on the complexity of the tasks.

5. Growth & Development

The products and the services you deliver to your clients ensure your future success. In the absence of an SOP, the quality of your products is bound to differ which might lead to huge losses.

In addition, if you intend to open multiple branches at different places, you have to maintain the level of your product.

Having an SOP helps you to replicate the work processes across multiple locations as the operating manuals are same.

Conclusion

SOP is the life-line of any business. If your objective is to produce the same product or render service over the long term, adherence to standard operating manual help you to be consistent and predictable. Listing the tasks which are essential in running a business assists you to build a prospective business over the long-term.



3. What is the Importance of SOPs Behind Organization's Success?

Standard Operating Procedure (SOP) in one word can be considered as the navigator of your organization. SOPs refer to a set of guidelines which are followed by every organization to operate; from administration to finance, facility to operations, you can create an SOP for every business function. Why? Let us check out.

1. Easy Training to Employees

When we speak about training employees, we have to cater to product and process training of new employees and also arrange for refresher training to existing employees or employees who are underperforming. Now a question may arise in your mind; a trainer is going to provide training then what is the significance of an SOP?

SOP is important because we can remember what is said at most for 10 minutes. Moreover, if people are assured of a written document then they can concentrate more on what is taught than being busy in scribbling down notes. If you want to ensure fool-proof training mechanism engage a consultant who can provide you training in this regards.

2. Structure to Follow a Daily Routine

A well-written SOP contains diagrammatic representation in the form of flowcharts, annotated illustrations, maps, and charts.

This helps employees perform daily routine efficiently as any time they face a problem they can refer to these diagrams to understand the exact process flow. To make life easier for your people, take a print out of the same and pin it in front of their desks.

Moreover, an SOP brings in predictability in their jobs. They can improve their skills on each task which in turn improves their performance.

3. Process to Check Quality

Every customer has a certain level of expectation from the goods or services for which he is paying.

If there is an SOP in place you can employ a quality team to check whether the quality of goods and services is at par, as per the guidelines mentioned in the SOP.

By following the SOP on regular basis and with effective feedback errors will surely reduce. This not only ensures enhanced customer satisfaction but also prevents duplication of work. Because if there are variations then re-work is required, which is both time-consuming and cost-intensive.

4. Conduct Transparent Performance Appraisal

Using SOPs you can frame the Key Performance Indicators (KPIs) for your staff. A job description should revolve around the SOP as Standard Operating Procedures (SOPs) contain key pointers related to the work that has to be done.

When the productivity of an employee is gauged on the basis of the SOP that has been provided to him/ her, the probability of an unbiased performance appraisal is much higher.

Need a better view of how you can link SOP with performance appraisal? Get help from a consultancy who are experienced in framing SOPs and in an implementation of the same.

5. Seamless Replication of Process

When you are expanding your business across locations, you need to inform your mission and vision to each and every employee based at these locations; which is not an easy task.

When you frame an SOP it is just not guidelines to perform a job but a document which speaks about your expectations from the employees, your mission and vision about the business.

So SOP helps every branch to operate in the same way, offering the same quality of service to your customers. It is also easier to track the performance of each branch based on their compliance to the SOP.

6. Quick Delegation of Work

Are you on leave due to some urgency? Anyone can act as a backup if you have an SOP in place. Following the process map and the guidelines mentioned in the SOP, any work can be done right at the first time, with very less chances of errors.

But not all businesses benefit from a similar kind of SOP. It depends on the people who will be using the SOP, on the business owner and on the customer requirements. Some tips which can help you get the best SOP for your organization/ team.

- **Collect Customer VOC (Voice of Customer)** – Any business runs around the expectations of its customers and hence an SOP should have guidelines which adhere to customer VOC.
- **Update Regularly-** Change is the only constant thing in life; this theme is not different when we speak about businesses and customer expectations. So capture customer VOC on regular basis (through calls and surveys) and update the SOP based on the same.
- **Ensure Adherence-** As per common human psychology, we always do not want to follow guidelines, rules, and regulations. So at the beginning, you may face challenges in getting your team follow the SOP. Keep a watch and make certain that the SOP is followed stringently.

So whether to enhance the qualification of vendors, ensure efficient handling, storage and issue of raw materials and safety of manufacturing operations, whatever be your requirement, resort to an SOP. Engage a consultancy who can frame an SOP, spread the awareness of your team members and enable a strong relationship between your employees and clients.

5 benefits of organized business



4. Five Benefits of Organized Business

Organizing is the second critical function of management after planning. Through planning, a business enterprise defines its goals and objectives and lays down the detailed roadmap to achieve these goals and objectives. But that roadmap has to be actualized and brought into an executable format.

This is done by organizing where the activities, resources, skills and the conditions, which are necessary for the business enterprise to exist and start rolling as an organization towards following that roadmap, are systematically grouped and arranged in a logical and functional order. Without being organized, a business enterprise is like a poorly knitted sweater which will not be able to keep itself together for too long, let alone withstanding the winter (changes in the business environment). The five key benefits of being an organized business are discussed here.

1. Systematic Projection

Being organized can help entrepreneurs see their business in a systematic format. A proper organization structure divides the entire business into manageable sections (departmentation) based on different grounds like functions, geographical areas of operations, products, and processes. The functional inter-relationships between these departments are also established. Departmentation help businesses classify different processes, operations, and activities into each of these departments. The resources and the necessary conditions required for smooth functioning of each of these departments are then identified. In this way, the activities, resources, and conditions involved in each of the departments (and their inter-relationships) are mapped and the entire business starts to take the shape of an integrated functional structure or an organization.

This systematic projection helps the owners get a pilot view of the entire business and all of its major areas enabling them to maintain an even focus and adopt a systematic approach to management.

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2. Orderly Flow of Communication

Communication is an important element in the functioning of businesses – whether it's internal or external. In a broader sense, communication not just includes the channels but also how information is stored, managed and flow in a business enterprise. Day-to-day business decision making, between the employees within a department or between the different departments, heavily rely on the communication systems and protocols in place. In a well-defined organization structure, the flow and routes of communication are clearly established. This established communication structure ensures clarity and certainty of flow of information, orders and instructions, feedback and recommendations, approvals and requisitions and so on. Being organized helps a business enterprise ensure an orderly flow of communication and take timely decisions so as the flow of operations is not interrupted.

Communication is an important element in the functioning of businesses – whether it's internal or external.

3. Clarity of Authority-Responsibility Relationships

In an organization, every employee (or a team) has a role to play which is defined in terms of certain duties and responsibilities. In order to effectively and efficiently perform these duties, each employee (or team) has to be provided with the necessary authority and resources. To ensure that these duties are performed and the output is as per the defined standards, accountability and responsibility has to be fixed and necessary supervision and monitoring has to be done by their reporting authority. A well-defined organization structure establishes the network of these authority-responsibility relationships across all the departments in an organization. The clarity of the authority-responsibility relationships in an organization ensures unity of command and fixes accountability for the duties and responsibilities. Clearly established authority-responsibility relationships removes ambiguities and brings certainty in whom to take orders from, whom to report to and whom to supervise or give instructions to.

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4. Convenience in Staffing Decisions

Decisions pertaining to human resource management like manpower planning, job analysis, a span of control, training and development, succession planning, promotions and transfers, recruitment etc

are simply not possible without an organized structure of the business. Every department of an organization has unique manpower requirements both in terms of numbers and skills at various positions to execute the different duties and responsibilities involved. Assessing these manpower requirements will be extremely difficult and chaotic without classifying and grouping the numerous activities and operations of a business enterprise into unique groups or departments. With a well-defined organization structure, the top management can easily plan for succession by means of promotions and transfers within the departments or within the organization. Being organized can make it significantly easier for business enterprises make their staffing decisions towards ensuring that the right men are in the right places at the right times.

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5. Building a Strong Organization Culture

Culture plays a pivotal role in the creating a strong organizational identity amongst the employees and stakeholders, a healthy work environment, a strong foundation of management philosophy and foster professionalism. In order to build a strong culture, it is important for a business enterprise to first organize itself because professionalism, cooperation, unity, and teamwork cannot take place in an uncertain, disorderly and inconsistent work environment. Being organized includes laying down the flow of work and activities (organization design), following of SOPs, clarity in authority-responsibility relationships, division of work according to specialization and so on.

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By being organized, a business enterprise can better execute the other functions of management – planning, directing, staffing and controlling and enhances its readiness for change and adaptation. And the first step towards being organized is how systematically an entrepreneur makes a layout of their business which comprises of different functions, processes, operations and activities. A well-defined organization structure and design help establish the network of work, communication, relationship, and resources within the organization. A business enterprise can run effectively and efficiently only when it transforms itself into a functionally organized structure.



5. Change Management in Family Business

Talking about change in family-run retail businesses which are running for generations opens up a can of possibilities from the perspective of change management.

Change management in family-run retail businesses may include imparting training and development to existing retail store staff, recruiting young and qualified retail and marketing professionals, digital modernization like use of ERP modules or digital payment solutions, wage and salary restructuring and so on. Sometimes retail businesses may need a complete overhaul and sometimes only a few areas may require change.

Given the dynamic nature of the external environment of retail industry, there's a growing necessity for family-run retail businesses to introduce necessary changes within its internal operations and processes. And in order to imbibe the changes within the organization, they need change agents and trained employees.

Here, we are trying to provide a glimpse of why training has become a critical change management tool for family-run retail businesses.

1. Professionalizing

Today, family-run businesses are facing multi-national and domestic companies head on. These MNCs bring with them not just their products and services but also work cultures and work values which could be very different from the locally prevailing workplace practices. The retail giants can easily hire qualified professionals as they have access to recruitment pools across the world or the nation.

This is where training, education and development become an area of strategic importance to family-run retail businesses. Having trained employees help these businesses execute retail operations in a professional manner. Training methods like classroom training, On-the-job training, and executive business management education (especially for owners) are popular with these businesses to build a professionally trained workforce and management.

2. Changes in customer demographics

With Millennial and Generation-Z customers ruling the markets, retail businesses need employees who can think and talk like these customers. Changes in demographics have also brought about attitudinal changes, alterations in spending patterns, shifts in spending areas, and shorter generation gaps. In order to correctly understand the product needs and service expectations, it is very important that family-run retail businesses need to make their employees well-acquainted with contemporary values, fashion trends, smart devices and communication etiquettes.

With appropriate training and education tools like classroom training method, case study method and in-basket experience, these businesses can help their employees easily understand the needs and expectations of modern day customers.

3. Upgrading technologically

In order to keep itself technologically abreast and maintain cost effectiveness and operational efficiency, it has become essential for family-run retail businesses to replace their old manual procedures and processes with latest technologies like QR and bar code scanners, card/NFC/beacon payment solutions, ERP modules, IP and CCTV cameras etc.

Introduction of new technology may be wrongly viewed by employees as a threat to job itself or a cause of embarrassment. And no family-run business would prefer losing loyal employees. Rather, it can educate and train its employees to make them aware of the positives of technological upgrades and train them to operate on modern devices.

Imparting timely awareness, education and training to employees and supervisors reduces the resistance to change and helps an organization smoothly introduce new technologies at work.

4. Succession Planning (Within the family)

In family-run businesses, the question of heirship is pertinent. It is often subject to disputes between legal heirs in carrying forward the legacy. If everything goes well, then the question arises whether the new owner(s) from the family will be able to successfully run the business or not. The answer lies in succession planning.

It is the responsibility of the present generation of owner(s) to carefully carry out the succession planning so that, when they retire or quit, they can smoothly hand over the ownership and management of their family business to the next generation or other family members.

After selection of the future owners from the family, the next stage is providing them with professional education and training so that when they take over the family business they can build and run modern day management processes and systems and professionally manage the family business.

5. Transfer of management and control

In many situations, the owners or the legal heirs of a family business decide to give away the management and control of their business to professionals from the outside while retaining the ownership.

In such cases, after acquiring control of the business, the new management has to deal with a lot of resistance to change from the employees hired by the owners. The new management brings in leadership and working styles, methods and processes which could be very different from what the employees are habituated or acquainted with. This gap can be bridged by providing appropriate training and education to the employees and appointing change agents.



6. Five Most Powerful Reasons to Hire a Management Consultant

Association with a management consultant can help a business enterprise minimize the risks involved in the implementation of solutions. Hiring management consultants is commonly considered as a practice restricted to big domestic companies or MNCs. However, that is not true. Even small and medium scale business enterprises can significantly benefit from the services of the management consultants. The role of management consultants is not just confined to providing advice and they can play different roles in different areas of business at different points of time according to the requirements of a business enterprise. These include both short-term and long-term associations, for a specific purpose or for a wider scope. From fulfilling informational requirements to being partners of growth, present day management consultancy encompasses a wide range of functionalities which could prove to be game-changer for business enterprises.

1. Data and Informational Requirements

A business enterprise makes use of a wide range of data and information pertaining to its environment. These include data pertaining to market segments, customer demographics, competition, availability of required manpower, logistical infrastructure, the network of supply and distribution and so on. For a business enterprise, this data and information are crucial for functional planning, to devise strategies and to facilitate business decision-making.

For example, data and information requirement becomes extremely relevant in marketing management where tons of quantifiable data has to be processed to determine the size of the market, identify the market segments and understand customer demographics, estimation of available market share and so on. Digging out such huge volumes of data involves conducting extensive market surveys and it is a time-consuming process.

Providing an organization with the relevant business data and information is one of the basic but critical services rendered by some of the management consultants.

Data and information are crucial for functional planning, to devise strategies and to facilitate business decision-making.

2. Problem: Diagnosis, Identification and Definition

A problem well-defined is a problem half-solved. Problems and situations which arise in the course of business are manifested through smaller symptoms which are often not considered as worth reporting or are ignored or quick-fixed by managers and executives so as not to disrupt the flow of operations. However, that only makes the situation worse as the underlying fundamental problems continue to establish its roots until one day it begins to surface as something major. Even after the problems are being identified, an improper assessment may result in efforts and resources being poured into the wrong solutions.

With their core expertise and experience of dealing with various problems and situations faced by several business enterprises, management consultants can quickly assess a situation through the symptoms and track the source of the problem. Professional management consultants conduct systematic diagnoses of the problem areas helping them identify and define the problems with much more accuracy and efficiently than the host business enterprise.

A problem well-defined is a problem half-solved.

3. Solution: Design and Implementation

Many business enterprises with an efficient and skilled management and ownership at the top are able to correctly diagnose the existing or emerging problem areas that need to be addressed to ensure that the business operations run smoothly and gain or continue with the momentum necessary for growth. However, the owners of small and medium-sized business enterprises are often constrained by lack of time, expertise and professional assistance to design and implement the solutions. This is where management consultancy comes into the picture. By joining hands with a competent management consultant, a business enterprise can expect to find the best professional solutions and their implementation to get rid of the diagnosed problems. Association with a management consultant can help a business enterprise minimize the risks involved in the implementation of solutions; risks which a business enterprise always remain vulnerable to when they choose to go alone.

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4. Long-term Associations

Management consultants can play a much bigger and enhanced role than just meeting the short-term requirements of a business enterprise. Management consultants can be long term partners of growth in the journey of a business enterprise. During its life cycle, a business enterprise may have to undertake several new projects and activities like product and market development, franchise development, ERP implementation, SOP development, employee training and development programs, process management, modernization and so on. These heavy-weight projects require not just professional expertise but also an associate a business enterprise can entrust the responsibility to who exhibits the sense of ownership for these projects. With long-term associations, both the parties begin to realize each others' potential and strengths. In the long run, both the parties share a rich learning curve and experiences to mutual growth and benefit.

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5. Overcome Internal Resistance For Change

Every business enterprise, irrespective of its size and operations, must adapt to changes in its environment. Changes often find internal resistance in organizations and it is never easy for the owners to incorporate changes while keeping the motivation and morale of the employees unaffected. Sometimes change could be resisted even by the co-owners or the business partners. But when bringing a change becomes a necessity and it is being stiffly resisted, involving a management consultant can make a significant difference in overcoming this resistance. The recommendations in favor of the desired changes coming from a reputed and professional management consultant as a neutral and outside party can influence the opinion of the people (resisting the change) towards reconsidering their positions.

Every business enterprise, irrespective of its size and operations, must adapt to changes in its environment.

From a short to a long-term association, there are multiple ways in which an organization can benefit business-wise from its alliance with a competent management consultancy firm. Such alliances can significantly enhance the strategic and competitive position of a business enterprise and equip it with the necessary professional expertise required to address specific problems or to undertake growth and expansion projects.