



A gleaming example

Executives are finding that making a clean sweep of their retail stores is turning up pay dirt

BY CHRISTY BURES AND JEFF ARNOLD

Do lean concepts apply only to manufacturing operations? Is there a place for engineered standards beyond fabrication, assembly, and distribution industries? What is one of the most competitive industries doing to maximize customer value and grow profitability? The following article is the first in a series that examines how one retail chain has committed to maintaining competitiveness and increasing profitability by enhancing the overall customer experience in its stores. These articles will demonstrate how the concepts and applications that originated in traditional manufacturing sectors are being applied successfully in retail store operations. Updates to this story are being written in real time as the project unfolds.

Bob's Stores, a chain of retail apparel stores based in Meriden, Conn., recently launched an organization-wide improvement initiative to enhance the overall customer experience. The initiative is based on using industrial engineering disciplines more typically associated with traditional manufacturing environments: 5-S, best methods, and engineered standards. Bob's has 34 stores located throughout Connecticut, Massachusetts, New Hampshire, New York, Rhode Island, and New Jersey. Founded in 1954 under the name Bob's Surplus, the stores offer name-brand clothing and footwear.

The management team at Bob's wanted to build a lean organization with a culture focused on customer value and the reduction of waste. They also wanted to create an environment of continuous improvement in which associates would embrace change, have pride in their workplace, and raise what was already a high level of service.

The improvement initiative was conceived with several key objectives in mind, all focused on improving the customer experience. First was to make sure each store was appropriately staffed. Bob's wanted to enhance its ability to forecast staffing requirements by using engineered standards rather than sales volume as a basis for backroom and sales floor operations. Second, they wanted to identify and eliminate unnecessary activities that hindered smooth transactions at checkout lines. With improved efficiency, associates would be able to spend less time on checkout tasks and more time assisting customers. Third, Bob's wanted to improve the customer experience by making it faster and easier for customers to locate items on the sales floor.

To ensure that the objectives of the improvement initiative were met, Bob's

engaged H.B. Maynard and Co. Inc. to help assess the current state and then provide expert assistance and training.

An assessment of the backroom and sales floor operations confirmed that there were improvement opportunities to be had by implementing better work methods and engineered standards. However, it also revealed that the improvement could not be realized unless employees fully embraced a culture of continuous improvement. Maynard recommended that this be accomplished with a 5-S initiative, which would not only provide the benefits associated with improving orderliness and eliminating unnecessary activities but would also establish an environment prepared for further improvement.

Pilot project takes off

To begin the improvement effort, one of the stores was selected as the site of a pilot project. This decision was based on Bob's desire to create a showcase store, train a core team, and determine the extent of the benefits actually realized. During the project, Maynard would work with Bob's to develop a team skilled in the disciplines of 5-S, best methods, and engineered standards.

The pilot project would also give team members an opportunity to gain valuable experience practicing the new skills they would learn. This team will eventually be responsible for rolling out the project to the remaining stores in the chain.

A cross section of sales floor, backroom operations, and common areas was chosen as the initial phase within the pilot store. This was done to show that the concepts are important to all areas. The initial phase would include the front-end checkout area, managers' offices in the store, and the break room. Eventually, every area within the pilot store will become part of the implemen-

tation of this project. The culture cannot be changed in parts of the store; it will have to live in every area of the operation and in every employee to be successful.

As the project plan unfolded, strategic areas were chosen to be part of the initial phase. The front-end operation was chosen because it is a highly visible area to employees as well as customers. The office areas were incorporated to show the applicability of the concepts in an office environment as well as the total commitment from all levels of management. Finally, the break room was chosen because it is a common area and all associates in the store would immediately experience the benefits of 5-S.

The success of the initial phase would serve as a solid foundation for moving the concept to other areas. Ultimately, the scope of 5-S at Bob's will include all areas on the sales floor, as well as backroom operations, manager offices, backroom storage, the clothing alterations office, and the cash office.

Launching the initiative

The 5-S initiative began in December 2001 at the height of the holiday season, demonstrating management's commitment to the program. According to Bob's Senior Vice President of Store Operations Scott Hampson, this stage presented some of the most challenging aspects of the project. The implementation team knew that communicating the vision of the project and being certain that key managers understood the personal as well as organizational benefits of upcoming changes would be critical to success, he notes.

5-S places an emphasis on and prepares an organization for lean operations. Lean operations require a culture that is willing to change and review existing processes



The cabinets in the employee break room before, during, and after undergoing 5-S.

and methods, with a focus on the reduction of waste. 5-S helps to create an environment that is clean, orderly, and safe. It also begins to open the culture toward change and instills new discipline. The new culture must focus on the importance of customer response time and value as defined by the customer. Once established, this new culture becomes the foundation for further workplace improvements.

To kick off the project, Bob's established a steering team, identified 5-S champions, and selected a core implementation team (CIT). The steering team was formed to assist in coordinating, monitoring and leading the implementation. The team is made up of six senior-level managers. Their role is to remove any roadblocks encountered during 5-S implementation and serve as shining examples and leaders by implementing changes within their own workspaces. This means they undergo 5-S audits just as any other area would — a sign of true management commitment.

A 5-S champion is someone who has a true passion for 5-S, believes in its benefits, and communicates its power to all other associates. The project at Bob's involves two

levels of champions — a 5-S division champion and a 5-S site champion. The division champion is responsible for the 5-S rollout across all Bob's Stores and is part of the steering team. The 5-S site champion is responsible for rollout at the store.

The role of a core implementation team is to work with the site champion to implement 5-S throughout a store. The team begins by training and working with associates in the initial area and performing 5-S activities. This is beneficial since associates perform 5-S activities in their own work areas and other associates see those activities. This allows them to truly take ownership of and responsibility for 5-S in the workplace. The team at Bob's is cross functional — made up of the store manager and operations manager, as well as individuals from customer service, replenishment, footwear, and clothing for men, women, and children.

During the first few days of the project, both the steering team and CIT worked to develop team charters. The charters provide a scope and framework so everyone on the team understands the purpose of the team, its goals, objectives, timelines, and measures upon which the team will be judged.

After the charters were established, the steering team, champions, and CIT were schooled in 5-S concepts and techniques by taking a half-day training course at Bob's corporate office. Because the steering team and CIT members took part in the training, there was a heightened level of interaction among senior managers and sales floor associates, which reinforced management's commitment to the project.

Let the 5-S begin

With training complete, the CIT and 5-S champions began their project at the front end of the store, working with Maynard consultants and sales floor associates to tackle the first "S" — *sort and remove*. The team started working through the details at one cash register. This step involves the removal of all unnecessary items, leaving only those that are necessary to perform the work. In this case, many unnecessary items — broken hangers, old store flyers and ads, and broken bag stands — were tagged and removed to a holding area, repaired, or simply discarded. Each week, items were cleaned out of the holding area, and decisions were made about where to put them.

Date: _____ Key: _____
 Key: _____

5-S Checklist - Front End Keys	
Daily (morning)	<input type="checkbox"/> Refill merchandise bags at register
	<input type="checkbox"/> Refill gift cards
	<input type="checkbox"/> Refill loyalty cards and applications
	<input type="checkbox"/> Refill customer handouts
	<input type="checkbox"/> Refill alteration tags
	<input type="checkbox"/> Refill customer hold slips
Daily (afternoon)	<input type="checkbox"/> Refill damage tags
	<input type="checkbox"/> Clean countertops, monitor screens and telephone receivers
	<input type="checkbox"/> Seal hanger boxes when full and return to back room
	<input type="checkbox"/> Empty trash cans and take trash to back room
	<input type="checkbox"/> Check/fill bumpo merchandise
	<input type="checkbox"/> Vacuum service desk carpet and mats
Daily (evening)	<input type="checkbox"/> Refill register tapes
	<input type="checkbox"/> Pull all journal tapes from registers
	<input type="checkbox"/> Inspect register ribbons
	<input type="checkbox"/> Pull register mats from floor and place over rear of counter
Weekly (deep clean)	Vacuum out register bays
	Wipe down register terminals
	Clean telephones thoroughly
Monday	<input type="checkbox"/> Register 1 <input type="checkbox"/> Register 2 <input type="checkbox"/> Register 3
Tuesday	<input type="checkbox"/> Register 4 <input type="checkbox"/> Register 5 <input type="checkbox"/> Register 6
Wednesday	<input type="checkbox"/> Register 7 <input type="checkbox"/> Register 8 <input type="checkbox"/> Register 9
Thursday	<input type="checkbox"/> Register 10 <input type="checkbox"/> Register 11 <input type="checkbox"/> Register 12
Friday	<input type="checkbox"/> S.D. Register 1 <input type="checkbox"/> S.D. Register 2 <input type="checkbox"/> S.D. Register 3

Store employees can see at a glance what work needs to be done on a daily and weekly basis.

The second "S" — *shine and inspect* — was then performed on the cash register station to clean the work surfaces inside and out and bring the state of the workstation to like-new condition. This process involved rags, scrapers, razors, Goo-Gone, and similar tools to make the counters clean and appealing. Following this, the third "S" — *set locations and visual cues* — was performed to create a home location for every item. Visual cues are set to help associates know if something is out of place at a glance. This involved labeling, shadowing, and color-coding.

The fourth "S" — *systematize* — involved instilling habits to ensure the first three steps would become incorporated into everyday routines. Techniques applied here included checklists and assignment maps. Checklists help the cashier determine what needs to be done daily, weekly, and monthly to keep the front-end area in its like-new condition.

Additional steps will be taken to *stay the course*, which is the fifth "S." This will include tactics such as using incentives and recognition for teams that maintain a high level of 5-S in their areas on an ongoing basis.

After the first register was complete, the CIT and 5-S champions worked on the other registers, expanding and in some cases improving upon the "template" checkout station. As the team progressed through all 12 stations at the front end, each associate completed 5-S appreciation-level training. This entailed 30 to 40 minutes of

5-s

Unlike 5-S in a manufacturing environment, 5-S in a retail environment not only focuses on employees' work environment but on the customer's shopping experience as well. Therefore, all locations and visual cues must be aesthetically appealing.

The 5-S process being used at Bob's Stores includes these steps:

- Sort and remove
- Shine and inspect
- Set locations and visual cues
- Systematize
- Stay the course

Best

METHODS

Establishing best methods for an operation is a discipline that identifies and documents the best layout, order, technique, motions, and processing available to do the work. A best method:

- Produces or delivers the desired result (no more, no less) every time.
- Includes no wasted time, effort, or materials.
- Is safe and desirable to perform, uncomplicated to learn, and easy to repeat.

Engineered

STANDARDS

Engineered standards are specifications for performing work. Each standard describes the preferred method for performing a work activity as well as the time it should take to complete it. Engineered standards are based on five assumptions:

- An average worker (capable and sufficiently trained).
- A normal pace (a consistent pace that reflects average skill and effort).
- Prescribed work methods (consistent, standardized steps and sequences).
- Specified work conditions (specified workplace layout, tools, materials and equipment).
- Capable supervision (adequate direction).

explanation and hands-on application of 5-S at a checkout station. At the same time, the CIT also led the 5-S effort in the store manager's office, administration offices, and the break room.

"A pleasant surprise so far is how receptive our field managers and project participants have been to 5-S and the entire best methods approach," notes Hampson. All of the managers in our test store seem genuinely convinced by the benefits of 5-S and enhanced organization. They are also very psyched about learning best methods and applying them to the processing, replenishment, and sales floor recovery functions."

Present and future

To determine the success of the front-end project, Bob's established benchmarks for checkout time by analyzing the average time per transaction. A 5-S'd work area will provide better efficiency at the front end. Better efficiency means faster throughput, which should speed up the checkout process and allow associates more time to support customers on the sales floor, ultimately resulting in superior overall customer satisfaction.

To test throughput efficiency, the team traveled to another of Bob's stores to collect times on the checkout of a basket of items under different tender-exchange types. For example, the time to process four pairs of slacks, two shirts, and one pair of shoes with a credit card payment was captured. This same scenario will be tested in the initial phase of the pilot store. Several trials like this one will be conducted, and the team will determine the time savings per transaction. Similarly, measures will be taken in the offices and break room.

Not only does the current data look good, but the staff has been comfortable with the changes, according to Hampson. "Our managers have seen the common-sense practicality of the whole project," he says. "This eliminates some of the fear normally associated with a big re-engineering initiative."

Following this implementation of 5-S in the front end, manager offices, and break room, the next steps of the project will be to move 5-S into the back room and onto the sales floor. Following implementation there, measures will again be taken to determine the success of the project. For these areas, Bob's will be looking for

an increase in space utilization and a decrease in processing time.

Primarily, the back-room effort will focus on the effective use of visual cues, such as color-coding and address labeling, to allow associates to locate items more quickly. Additionally, 5-S organizational techniques will ensure that items will always be found in their designated locations, eliminating time spent searching for misplaced items and aid in ensuring that the store is completely stocked and ready for customers by the time the store opens each morning. Use of value-added space will be maximized and workflow will be addressed by locating the high-velocity items where they can be easily and quickly retrieved.

After 5-S is implemented in all areas, the team's attention will shift to a focus on best methods and engineered standards. By first establishing an environment of continuous improvement and a disciplined culture through the implementation of 5-S, Bob's should be ready to capitalize on the additional benefits that will result from implementing those processes.

Look for details on these next steps in upcoming issues of *IIE Solutions* as the project unfolds.

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