

Sainsbury operations

Business, Management



EXECUTIVE SUMMARY This report provides a view on operations of SAINSBURY'S , the third largest supermarket chain across United Kingdom. SAINSBURY'S , in spite of being the longest standing retail chain has been facing stiff competition from rivals like TESCO , MORRISONS. The competitors seemed to have developed at a faster pace since SAINSBURY'S has been through a difficult time in recent years and TESCO is now twice the size in terms of turnover. Matter of analysis in terms of SAINSBURY's supermarket is the operational strategies that have been implemented to cope up given the current downturn.

The operations management concepts incorporated in SAINSBURY's operational routine can play a vital role to achieve its main performance objectives like customer satisfaction, fast operations , achieving flexibility for the customers needs and retaining loyal customers. There is also a scope for SAINSBURY'S to meet its target growth and regain its position if it is ready to make a few changes in its operations in terms of a better inventory management , Robust technological advancements and creating a better customer base.

The report discusses the various successful implementations and certain flaws that can be wiped in order to attain smoother operations at SAINSBURY' **OPERATIONS MANAGEMENT ASSIGNMENT INTRODUCTION:** An operation is a process transforming a set of resources into services and goods. The input resources may be raw materials, information, or even the customer. These resources are transformed into final goods or services by facilities and staff of the operation(Fig 1). Operations Management is very

important in business operations since it forms the heart of the organisation by controlling the system of operation.

Operations management plays a vital role because any operation requires a combination of merchandising, logistics, coordination and cost control skills to move products from production facilities to the consumer(2). [pic] Fig1 Input output transformation model for operations. [pic] Sainsbury's Supermarkets is the UK's longest standing and third largest major food retailing chain, having opened its first store in 1869. The Sainsbury's brand is built upon a heritage of providing customers with healthy, safe, fresh and tasty food.

The stores serve over 18 million customers a week and offer around 30, 000 products, having a market share of around 16 per cent(3). An internet-based home delivery shopping service is also available to 88 per cent of UK households. PROCESS LAYOUT: Fig. 2 Layout design of Sainsbury's The supermarket is positioned as a process layout. Wherein the physical components are arranged or grouped according to the general function they perform (Fig. 2). It operates in a manner that is designed to move the customer through the store until they end up at the cash register.

First thing that a customer encounters is the customer services in case of any initial enquiries by the customers. Along the first aisle are aligned the fresh food items for everyday requirements. The dry goods and breads are placed in the middle aisles. The frozen food section is placed near the checkouts to keep them from defrosting while the shopper is moving around the aisles. What makes the layout of the store so coherent is the fact that

essentials are lined along the walls and corners and items that are appealing right in the eyesight.

PROCESS FLOW OF THE OPERATION: [pic] Fig. 3 Process flow of Sainsbury's operations. Sainsbury's process flow illuminates various stages between stocking and delivering the product that a customer chooses to buy from the supermarket (Fig. 3). Initially the inventory stores the goods and materials that are held available in stock for the business. To manage the stock there is an effective solution in place named "Wesupply" which has been implemented at Sainsbury by IBM (5). It allows monitoring the status of orders all across the Sainsbury's network.

It regulates the item supply at the shelves, and helps delivery system coordinate with the inventory replenishment. The manager regulates and changes the item price according to the demand. The customer has access to the price rates and various schemes and offers, this is the display stage, once the products are chosen the billing takes place at the cashier, leading to the packaging stage where the customer is handed over the product which was formerly stocked at the inventory.

IMPORTANCE OF PERFORMANCE OBJECTIVE TO THE OPERATION: THE QUALITY OBJECTIVE:

Sainsbury's customers give most credit to the company's passion for healthy, safe, fresh and tasty food. Despite the present economic conditions the company stands by its quality related objectives. Good food at fair prices, providing a satisfying shopping experience, spreading and reaching out to customers by opening new stores at various locations. Hygiene and health and safety issues given utmost importance. THE SPEED OBJECTIVE:

Sainsbury's tries best to synchronize supply with demands. Goods are made immediately available to the customers.

According to the industry speed checks a customer spends an average of eight minutes, from joining a queue to receiving the receipt. Sainsbury's is recruiting an extra and of 10, 000 all across the chains to cut down the checkout queues. The extra staff will mainly be the part-time positions (6).

THE DEPENDABILITY OBJECTIVE: Specifying the supermarket timings , providing product related information and schemes in form of shelf toppers , discounts , posters , makes the supermarket a reliable place to visit every time .

There is a constant availability of parking , and special slots are reserved for the disabled and ' parent and child' parking at all times . Making shopping at the supermarket a hassle free experience. THE FLEXIBILITY OBJECTIVE:

Sainsbury's creates brand ranges for various needs, inclusion of healthier and value dishes in addition to the irresistible and authentic dishes, incorporating organic ranges of food if one suffers from allergies and health related issues, defines the level of flexibility Sainsbury caters to for its customers.

Extra tills are opened at peak hours and more staff is recruited to adjust to the number of customers that are served at Sainsbury's. THE COST

OBJECTIVE: The cost at the supermarket is incurred at maintaining the inventory, implementing various technologies and facility cost, staff cost.

The facility cost can be reduced by getting rid of the aging equipment, and using renewable forms of energy. Sainsbury's initiative to switch to Enercon

E40 KW (wind turbine) has lead to enormous cost saving. VOLUME VARIETY VARIATION AND VISIBILITY CHARACTERISTICS OF SAINSBURY'S:

Volume and variety: A relationship between volume and variety are as shown: the general position of operations is along the diagonal, when the volume is high, variety is high and vice versa. [pic] Supermarkets offer a high variety of products and yet sell in high volume.. But in this case, the process is standardized for all the customers . All the customers receive similar kind of services, the process is not customised or tailored keeping each individuals needs in mind. Therefore, considering a supermarket process, the variety would still be considered low and the rule still stands.

Hence in a supermarket scenario there are high levels of capital investments, systemizations, routinized workflow which leads to low unit costs. Variations: Sainsbury is in the high levels of demand variation and has changing capacity . The company has to stay in touch with the variations in customer demand constantly which would lead to high unit cost. With various sections at the supermarket ranging from electronics to household items the stacks have to be replenished on the regular bases.

Visibility: A new solution named “ Wesupply” has been implemented at Sainsbury by IBM which allows monitoring the status of orders all across the Sainsbury's network, this leads to visibility within operations which amplifies stock availability for the customers. The supermarket uses variouscommunicationtools like discount vouchers, shelf toppers, posters at the entrance and various displays in the aisles to equip the customer with

information on product availability and offers. A supermarket website displaying the product promo sections is also available. (11).

INFERRED OPERATIONS STRATEGY OF THE ORGANISATION: The supermarket aims to meet the “ Making Sainsbury great again “ target, which would involve generating sales growth of ? 2. 5 billion putting it in a strong position during the latter months of the year(7). The supermarket wants to concentrate on sales-led recovery that makes availability of items its top priority. Introduction of 250 new ranges of products and retaining emphasis on healthier food in the new range “ Taste the Difference” advertised by celebrity chef Jamie Oliver has been paying off for the supermarkets growth.

With the re-launch of non-food items Sainsbury’s offers to drive sales momentum (3). Sainsbury’s another operational strategy pertaining to its employees is to move the HR function to a more centralised, paperless system. It would be a gradual process to turn off the current labour intensive system. The new software system will free up personnel managers from their admin duties to focus more time on training and coaching staff and managers(10). **SUGGESTIONS:** SAINSBURY’S uses “ Wesupply” solutions to monitor the status of orders across its entire network and manage the availability of products.

This improves the visibility of supply chain performance of the supermarket(5) , but in recent times a new solution named Radio-frequency identification (RFID) is used for the further improvement of inventory accuracy (8). It allows a far more scope of cost cutting and flexibility via wireless mobility. Retail chains like ASDA, TESCO, MARKS n SPENCERS have

already incorporated this system into their operations. CONCLUSION: Behind the largest companies to the minor stores, there needs to be a system that makes it run.

Sainsbury's being the third largest retail chain organisation too dwells on the operations management concepts to be able to manage all the goods and services that they distribute at a global level. The various performance objectives that are important to an organisation like maintaining speed in operations, bringing flexibility to the customers, maintaining the dependability from customers perspective, saving operational cost and enhancing profitability become realizable when operations management focuses on subtle routines and activities of the various processes.

Seeing 1. 3 billion additional sales and a wide focus on quality values (Introduction of "Try something new today") which was branded incredibly successful and encouraged people to adapt better eating habits proves that Sainsbury is well on the path of achieving the target "Making Sainsbury's great again" (9). REFERENCES [pic]1) Danny Samson and Mile Terziovski (1999), The relationship between total quality Management Practices and operational performance, Journal of Operations Management, Volume 17 Issue 4: 393-409. Department of [pic]Management,[pic] University of Melbourne, Australia b Department of Business [pic]Management,[pic] Monash University, Australia Received 11 September 1997; accepted 8 July 1998. Available online 10 May 1999. Abstract Total quality [pic]management[pic] (TQM) has been a widely applied process for improving competitiveness around the world, but with mixed success. A

review of the literature revealed gaps in research in this area of quality/operations [pic]management,[pic] particularly in the area of empirical testing of the effectiveness of TQM implementation.

The aim of this study was to examine the total quality [pic]management[pic] practices and [pic]operational[pic] performance of a large number of manufacturing companies in order to determine the relationships between these practices, individually and collectively, and firm performance. We used a large data base of 1200 Australian and New Zealand manufacturing organisations. The reliability and validity (construct, content, criterion) of the practice and performance measures were evaluated.

Our study showed that the relationship between TQM practice and organisational performance is significant in a cross-sectional sense, in that TQM practice intensity explains a significant proportion of variance in performance. Some but not all of the categories of TQM practice were particularly strong predictors of performance. The categories of leadership, [pic]management[pic] of people and customer focus were the strongest significant predictors of [pic]operational[pic] performance.

This is consistent with literature findings that behavioural factors such as executive commitment, employee empowerment and an open culture can produce competitive advantage more strongly than TQM tools and techniques such as process improvement, benchmarking, and information and analysis. Author Keywords: Quality; Operations [pic]management[pic]; Performance; Human resource/OM interface; Empirical research Article

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