

Managing change in organisations: supermarket case study



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Strengths of the Meena Bazar is Size allows for competitive buying terms, Strong senior management, Flexible formats. Opportunities of the Meena Bazar are Forming or merging a strategic alliance with suppliers, Growth of non-food, Growth of convenience and compact hypermarket formats, Effective use of Clubcard database to increase basket size and Develop additional services.

Meena Bazaar can successfully implement the organizational culture to the worker. They have a dress code in the outlets. From this the buyer can easily tress out who will serve them and can help them. Another culture is that they are very aware about the time. They have a good organizational bonding.

The greatest barrier to adapting to continual change lies with the management of people rather than technology. In Meena Bazar, the constant efforts of effective implementation and utilization of the HR strategies make it possible for the company to perform well in the market. The increasing

profit year in and year out is an evidence of the successful HR practice.

Effectively utilizing the new resources may require a move to a product team structure. It may even require downsizing and the elimination of functions that are no longer central to the organization's mission.

It seems that the major problem encountered by Meena Bazaar is due to the very few outlets in all over the Bangladesh. In addition, the problems also arise because of the inadequate knowledge of its management about the use of strategic management and other management systems.

Introduction:

Meena Bazar – one of the chain super markets of the Bangladesh which serve in Bangladesh from 2000. Meena Bazar, the first truly national supermarket chain was founded with the promise of year-round freshness, affordable price, and the most pleasurable and hassle-free family shopping experience for all. Keeping true to this conviction, Meena Bazar has captured the hearts of shoppers all over. Due to our continuous expansion plans, we are looking for smart, hardworking and proactive young people to be part of our dynamic team.

Here the Meena Bazar is the selected organization for the study and access this organization for the find out which will help to do better performance of it.

Bangladesh chain superstore's sectors:

Superstores are set to boom in the country as the current market players are planning to open several hundred more outlets in the next few years to cope

with the rising demand from the consumers. With a strong 15-20 per cent annual sales growth, about 30 companies with more than 200 outlets have already made foray into the industry since Rahimafrooz, one of the largest business groups in Bangladesh, introduced Agora, a chain superstore, in the capital a decade ago.

The annual turnover of the superstores now stands at around Tk 15. 0 billion (1500 crore), according to Bangladesh Supermarket Owners Association (BSOA).

Hassle-free shopping environment, hygienic commodities, fresh vegetables, meat and fish at the supermarkets are earning appreciation of the customers, market operators said.

The supermarket biggies have attempted the massive expansion drive to attract the shoppers, who still depend on unplanned wet markets to buy their daily essentials. They say that a rise in organized retailing would offer the consumers hygienic foods at competitive prices, compared to those offered by retailers in the kitchen markets, where commodities are sold mostly in unhygienic condition.

The rise in the number of supermarkets, according to analysts, will diversify the choices of consumers and boost their spending, so much needed for economic growth, while the wet markets will also improve quality and services following in the footsteps of supermarkets. But a decade ago, the retail-level trade was in the hands of thousands of small traders in the wet markets and the grocery shops in cities and remained out of the focus of the big business houses. The landscape began to change in 2000 when <https://assignbuster.com/managing-change-in-organisations-supermarket-case-study/>

Rahimafrooz Superstores, operating Agora, moved in to seize a slice of the retailing and wholesale trade, which has been growing at 6 per cent, on an average, annually.

In the past decade, many small and big supermarkets made debut, successfully attracting middle and upper middle class consumers, a section of whom are gradually turning to chain stores from the wet or kitchen markets, superstore operators say.

Dhaka-based Agora now runs four outlets, Meena Bazar nine including seven in Dhaka, PQS five, Prince Bazar two, Nandan five and Swapno 70 including 30 outside the capital. Bangladesh Rifles (BDR) also runs 11 stores in the capital.

According to operators, more than 600 chain retail outlets are expected to be set up in the next five years in an attempt to attract more customers.

With the recent opening of a total of 70 branches, ACI has diversified the retailing business. Now it plans to open about 500 stores in the country in the next five years.

Mamunur Rashid, marketing manager of PQS, said they are planning to spread the mega-shop business by opening three more stores this year and another 10 in the next two or three years. The departmental stores with the main focus on food items – ranging from a wide variety of fish, meat, vegetables to fruits, bakery, dairy and grocery items- also offer a vast array of other household, personal care and miscellaneous products.

Consumers can buy as much as nearly 20, 000 products of different kinds from such a store, the operators boast. Supermarkets have successfully made a breakthrough in the urban lifestyle with the idea of “ all essential commodities under one roof.” In the early days of the business, around 500 customers would visit a supermarket outlet daily. Now some 5, 000 customers come to a store everyday, they say.

Meena Bazar SWOT Analysis

Strengths

- Size allows for competitive buying terms
- Strong senior management
- Flexible formats
- Strong hypermarket portfolio
- Coverage the Mega City Dhaka
- Increasing level of investment
- Strong price message and offer at competitive price than the competetors
- Expanding non-food and online offer
- Efficient distribution

Weaknesses

- Can not spread the outlets all over the Bangladesh
- Increasing geographical spread makes focus on specific
- Markets difficult
- Exposed to macroeconomic difficulties in some markets
- International expansion requires substantial investment

- High reliance on Dhaka Market
- Poor CSR and community impact

Opportunities

- Forming or merging a strategic alliance with suppliers
- Growth of non-food
- Growth of convenience and compact hypermarket formats
- Effective use of Club card database to increase basket size
- Develop additional services

Threats

- Faces range of diverse competitors internationally
- Increased level of “ eating out”
- Move towards premium does not sit with Meena Bazar’s traditional strengths
- Restrictive planning guidelines
- Political opposition to the power of supermarkets tends to focus on Meena Bazar

PEST Analysis for Meena Bazar

(P)olitical Factors

For employment legislations, the government encourages retailers to provide a mix of job opportunities from flexible, lower-paid and locally-based jobs to highly-skilled, higher-paid and centrally-located jobs. Also to meet the demand from population categories such as students, working parents and senior citizens. Meena Bazar understands that retailing has a great impact on jobs and people factors (new store developments are often seen as <https://assignbuster.com/managing-change-in-organisations-supermarket-case-study/>)

destroying other jobs in the retail sector as traditional stores go out of business or are forced to cut costs to compete), being an inherently local and labour-intensive sector. Meena Bazar employs large numbers of; student, disabled and elderly workers, often paying them lower rates. In an industry with a typically high staff turnover, these workers offer a higher level of loyalty and therefore represent desirable employees.

(E)conomical Factors

Economic factors are of concern to Meena Bazar, because they are likely to influence demand, costs, prices and profits. One of the most influential factors on the economy is high unemployment levels, which decreases the effective demand for many goods, adversely affecting the demand required to produce such goods.

(S)ocial/Cultural Factors

Current trends indicate that British customers have moved towards 'one-stop' and 'bulk' shopping, which is due to a variety of social changes. Meena Bazar have, therefore, increased the amount of non-food items available for sale.

Demographic changes such as the aging population, an increase in female workers and a decline in home meal preparation mean that Bangladesh retailers are also focusing on added-value products and services. In addition, the focus is now towards; the own-label share of the business mix, the supply chain and other operational improvements, which can drive costs out

of the business. National retailers are increasingly reticent to take on new suppliers.

(T)echnological Factors

Technology is a major macro-environmental variable which has influenced the development of many of the Meena Bazar products. The new technologies benefit both customers and the company: customer satisfaction rises because goods are readily available, services can become more personalized and shopping more convenient. The launch of the Efficient Consumer Response (ECR) initiative provided the shift that is now apparent in the management of food supply chains. Meena Bazar stores utilise the following technologies:

- Wireless devices
- Intelligent scale
- Electronic shelf labeling
- Self check-out machine
- Radio Frequency Identification (RFID).

Industry Analysis: Porter's Five Forces

Threat of New Entrants

The Bangladesh grocery market is primary dominated by few competitors, including four major brands of Agora, PQS, and many small chain shop. That possess a market share of 70% and small chains of with a further 10%. Over the last 10 years, according to, the grocery market has been transformed into the supermarket-dominated business. Majority of large chains have built

their power due to operating efficiency, one-stop shopping and major marketing-mix expenditure. This powerful force had a great impact on the small traditional shops, such as butchers, bakers and etc.

Bargaining Power of Suppliers

This force represents the power of suppliers that can be influenced by major grocery chains and that fear of losing their business to the large supermarkets. Therefore, this consolidates further leading positions of stores like Meena bazaar and Agora in negotiating better promotional prices from suppliers that small individual chains are unable to match. In return, Bangladesh based suppliers are also threatened by the growing ability of large retailers to source their products from abroad at cheaper deals.

Bargaining Power of Customers

Porter theorized that the more products that become standardized or undifferentiated, the lower the switching cost, and hence, more power is yielded to buyers. Porter M. Meena Bazar's famous loyalty card – Clubcard remains the most successful customer retention strategy that significantly increases the profitability of Meena Bazar's business. In meeting customer needs, customizing service, ensure low prices, better choices, constant flow of in-store promotions enables brands like Meena Bazar to control and retain their customer base.

Threat of Substitutes

General substitution is able to reduce demand for a particular product, as there is a threat of consumers switching to the alternatives. Porter M. In the <https://assignbuster.com/managing-change-in-organisations-supermarket-case-study/>

grocery industry this can be seen in the form of product-for-product or the substitute of need and is further weakened by new trends, such as the way small chains of convenience stores are emerging in the industry. In this case Meena bazar, PQS and Agora's are trying to acquire existing small-scale operations and opening Metro and Express stores in local towns and city centers.

Bargaining Power of Competitors

The grocery environment has seen a very significant growth in the size and market dominance of the larger players, with greater store size, increased retailer concentration, and the utilization of a range of formats, which are now prominent characteristics of the sector. As it was mentioned above, the purchasing power of the food-retailing industry is concentrated in the hands of a relatively small number of retail buyers.

Assessment of Meena Bazar:

An organization's performance can be measured through some features. The features are given below and assess the Meena Bazar

Human Resources

Human resources are an organization's most important asset. Ultimately an organization's distinctive competences lie in the skills and abilities of its employees. Because these skills and abilities give an organization a competitive advantage, organizations must continually monitor their structures to find the most effective way of motivating and organizing human resources to acquire and use their skills. Typical kinds of change

efforts directed at human resources induce (1) new investment in training and development activities so that employees acquire new skills and abilities; (2) socializing employees into the organizational culture so that they learn the new routines on which organizational performance depends; (3) changing organizational norms and values to motivate a multicultural and diverse workforce; (4) ongoing examination of the way in which promotion and reward systems operate in a diverse workforce; and (5) changing the composition of the top management team to improve organizational learning and decision making.

Assessment of Meena Bazar:

Meena Bazaar have only seven outlets in Banladehs. They have 70 people who directly involved in the outlets for customer service. Another 20 personnel have worked in the background for the management of the outlets. From the assessment, found that the management of Meena Bazaar have not take any initiative for formal training of their worker who are directly involve with the custom service to improvement of the service quality. For that reason many times the worker face problems in the outlets and occur many unexpected situation.

Meena Bazaar can successfully implement the organizational culture to the worker. They have a dress code in the outlets. From this the buyer can easily tress out who will serve them and can help them. Another culture is that they are very aware about the time. They have a good organizational bonding.

In the Meena Bazaar there is not any reward system for the outlet managers. If there was any rewarded system to them who can achieve the highest sell

in his outlet the manager will motivate to sell more and more. By which the organization can earn more and more profit.

Changes in the nature of work over the last years have a reflective and alarming impact on the roles of the HR within the new modes of organizational flexibility as well as leveling power of information technology. Generally, the emergence of HRM as a universal remedy for integrating business strategy and people management has exposed personnel practitioners to a fresh set of role challenges and managerial expectations that have stressed out the gaps between the HR language and reality. Further, the attempts to capture the changing environment of the HR personnel roles in response to major transformations in the workplace, the associated rise of HRM, and the competitive advantage of the whole organization through its manpower are few aspects that HR functions embark upon.

Organizations are now faced with leaner structures and increased competition which in turn are generating a rapid pace of change in the workplace. The greatest barrier to adapting to continual change lies with the management of people rather than technology. In Meena Bazar, the constant efforts of effective implementation and utilization of the HR strategies make it possible for the company to perform well in the market. The increasing profit year in and year out is an evidence of the successful HR practice.

Functional Resources

Each organizational function needs to develop procedures that allow to manage the particular environment it faces. As the environment changes.

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organizations often transfer resources to the functions where the most value can be created. Crucial functions grow in importance, while those whose usefulness is declining shrink.

An organization can improve the value that its functions create by changing its structure, culture, and technology. The change from a functional to a product team structure, for example, may speed the new product development process. Alterations in functional structure can help provide a selling in which people are motivated to perform. The change from traditional mass production to a manufacturing operation based on self-managed work teams often allows companies to increase product quality and productivity if employees can share in the gains from the new work system.

Assessment of Meena Bazar: For Meena Bazaar the functional resources includes its availability of the products in every outlets. From the assessment Meena Bazaar is not fully successful to available the products in every outlets in at time. It is happen for their distribution system. The distribution system is not so strong to reach to the outlets at a time. Anther matter for the super chain shop the inventory system should be very strong. Because if the customer cannot find his / her desired regular product then can switch any time.

The one of the competitor of Meena Bazaar is Agore. The agora offer the new shape of product to their customers. But Meena Bazaar can not do that frequently.

Technological Capabilities

Technological capabilities give an organization an enormous capacity to change itself in order to exploit market opportunities. The ability to develop a constant stream of new products or to modify existing products so that they continue to attract customers is one of an organization's core competences. Similarly, the ability to improve the way goods and services are produced in order to increase their quality and reliability is a crucial organizational capability. At the organizational level, an organization has to provide the context that allows it to translate its technological competences into value for its stakeholders. This task often involves the redesign of organizational activities. IBM, for example, has recently moved to change its organizational structure to better capitalize on its strengths in providing IT consulting. Previously, it had been unable to translate its technical capabilities into commercial opportunities because its structure was not focused on consulting, but on making and selling computer hardware and software rather than providing advice.

Assessment of Meena Bazar: The inventory management system should be very strong and automated in the chain super shop. The Meena Bazar have an inventory software for their inventory management. But their inventory management software is not the customized automated. If the inventory and selling information store in a central software and the central store can see the status, the management can easily send the desired product. So the technological capabilities is not so updated. By the inventory management system the manufacturing company can be benefited in many ways. The basic function of inventories is to act as a buffer to decouple or uncouple the

various activities of a firm so that all do not have to be pursued at exactly the same rate. The key activities are (1) purchasing, (2) production, and (3) selling. The term uncoupling means that these interrelated activities of a firm can be carried on independently. Without inventories, purchasing and production would be completely controlled by the sales schedules. If the sale of a firm increases, these two would also increase and vice versa. In other words, purchasing and production functions would depend upon the level of sales. It is, of course, true that in the long run, the purchasing and production activities are and, in fact, should be tied to the sales activities of a firm. But, if in the short term they are rigidly related, the three key activities cannot be carried out efficiently. Inventories permit short-term relaxation so that each activity may be pursued efficiently. Stated differently, inventories enable firms in the short run to produce at a rate greater than purchase of raw materials and vice versa, or to sell at a rate greater than production and vice versa.

Organizational Capabilities

Through the design of organizational structure and culture, an organization can harness its human and functional resources to take advantage of technological opportunities. Organizational change often involves changing the relationships between people and functions to increase their ability to create value. Changes in structure and culture take place at all levels of the organization and include changing the routines an individual uses to greet customers, changing work group relationships, improving integration between divisions, and changing corporate culture by changing the top management team.

These four levels at which change can take place are obviously interdependent; it is often impossible to change one without changing another. Suppose an organization invests resources and recruits a team of scientists who are experts in a new technology—for example, biotechnology. If successful, this human resource change will lead to the emergence of a new functional resource and a new technological capability. Top management will be forced to reevaluate its organizational structure and the way it integrates and coordinates its other functions to ensure that they support its new functional resources. Effectively utilizing the new resources may require a move to a product team structure. It may even require downsizing and the elimination of functions that are no longer central to the organization's mission.

Assessment of Meena Bazar: The organizational capabilities include the value system that delivery to the Meena Bazar's customers. The main weakness of Meena Bazar is their organizational capability. Because their number of outlets is only seven and only centralized in Dhaka. They should have to expand their outlets to all over the Bangladesh.

The all products of Meena Bazar have not produce in their own farm. So they have to maintain the relationship with the supplier. If the supplier is not supply the better goods, Meena Bazar also can not serve the better goods. To improve the quality of the served product they have to make good relation with supplier.

Proposed Action

Strategy 1: Product Development

The retailers in the Bangladesh represent Gemcom Group's largest sales and marketing channel which encompass national and regional grocery supply stores and mass merchants. Distributors represent Meena Bazar second largest channel and generally sell to both traditional and resellers and retailers. In Bangladesh, Meena Bazar's market share is still relatively high. Meena Bazar Corporation has more than distributors located in Dhaka.

Strategy 2: Product Penetration

The company uses the store as a venue to sell its products. This is accomplished through the use of marketing campaigns and product bundles. The company is able to build awareness of its products and brands through mass media advertising, public relations efforts and branded Internet properties. The company also makes it a point to receive feedback from its customers through market research. The company then uses these feedbacks to refine its product development efforts and marketing strategies. The company also initiated an e-commerce strategy to increase online sales and provide new innovations in business class which increases customer satisfaction.

Strategy 3: Efficiency and Effectiveness

Meena Bazar's direct to customer model solve the problem for additional capital for marketing and sales. By selling directly to consumer it eliminated retailers along the way. One advantage of this kind of system is that the firm is continuously in contact with its customers and they are benefiting in two

areas concerning sales and marketing, seeing sales trends and learning about unmet customer demands.

Strategy 4: Technology Improvement

Technology is an important source of competitive advantage. And this is considered a strength of Meena Bazar because the firm enjoys better access to technology. Meena Bazar introduces the latest relevant technology much more quickly than companies with slow-moving indirect distribution channels.

Techniques for change

Revolutionary Change

Revolutionary change is dramatic, rapid and broadly focused. This radical shift may mean new ways of doing things, new goals or a new organizational structure. The three important components of revolutionary change are “reengineering, restructuring, and innovation,” as described by Jones and George. Revolutionary change is appropriate within the technology industry, where swift advancements often happen. Although an organization cannot plan for every situation, “scenario planning” may be most appropriate to predict potential revolutionary change. In scenario planning, a business envisions possible future outcomes and creates a plan to deal with each one.

Technological change increases is a process of a decision. Management can take decision it by within a meeting and implement. So the it goes under Revolutionary Change process. By setup a central server, Meena Bazar can control the inventory management system in centrally. Automated system can facilitated the organization to check out inventory before the stock out.

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The inventory and distribution is considered as one of the most important aspects of any companies that are involved in a supply chain. It can help them to manage and control the overall flow of products of materials that are used in production and distribution. The said importance is the reason why, most of the companies are already using the technology of WMS. It is a computerized system that helps many companies to incorporate the different aspects of their operations in order to control the physical flow of their supply chain. The all outlets can easily maintain same quality and attract the customers. Benefits of inventory system:

- Increased productivity of Meena Bazar managers
- Sales and customer satisfaction
- Increased profitability
- Mobile, real-time access to point of sales (POS) reports from store systems
- Easy integration with inventory management

Evolutionary Change

Evolutionary change is described as incremental, gradual and narrowly focused. This change is constant. Evolutionary change may be a carefully developed, long-term goal that an organization is moving toward. One tool that can promote and direct evolutionary change is strategic planning.

Under the Evolutionary Change the human resource training and development is running. Because. The training and development process is not finished with in a period. The process of training is given below

Organizational Capabilities developing includes make more outlets for Meena Bazar. Because people like to take everything with in the hand. So no one find the Meena Bazar's out lets even though the price and the quality is more comparable to others. Another matter is that when Meena Bazar provide the discount offer the competitor also offer some benefits. So the main strength will if Meena Bazar increase it's out let.

The outlet increasing process is not done quickly. Because lot of research and the organizational is needed for the decision.

Conclusion

It seems that the major problem encountered by Meena bazaar is due to the very few outlets in all over the Bangladesh. In addition, the problems also arise because of the inadequate knowledge of its management about the use of strategic management and other management systems. This way, the empire of Meena Bazar will remain get the highest position in the chain grocery market in the Bangladesh.