

EMPLOYEES HOLD KEY TO PROFITABILITY ADITYA BIRLA RETAIL (MORE)

FOR the past year or so, back-end employees at Aditya Birla Retail have had to literally shoulder a lot more weight. For eight days in a year, employees who normally sit in the seemingly comfortable environs of the distribution centres and administrative office (CEO downwards) have had to work at the store — that too on weekends. Their task ranges from manning the cash tills to even lifting the stocks on their backs. “The pain points in the front end are not mitigated at the back end, when employees at the back end cannot empathise with real-time problems at the store level,” says **THOMAS VARGHESE**, CEO, Aditya Birla Retail. Weekends — that make up about 40 per cent of all retail sales — is when stores require extra support, and back-end employees can see for themselves the pressure and the need to respond fast. Consultants such as Susil Dungarwal of Beyond Square Feet agree. “Unfortunately, business development officers who are signing the store have never run a store and do not understand what store feasibility is.”



Under what was called Project 2000, More carried out an exercise where every 2,000 sq. ft outfit would carry 1.5 to 1.75 stock-keeping units per sq. ft. To simplify: if More displays five large bottles of Coca-Cola and Pepsi, it could potentially reduce that to four bottles each and use vacant space to fit in a third brand. This gives consumers a wider range to choose from. It has also sharpened focus on its private label strategy. For example, if private labels from More accounted for 3-4 per cent of sales in a category, say corn flakes, the eventual target was to take the share of More's private label sales to as much as 13-14 per cent.

More has also de-layered its organisation structure — like cutting down reporting layers between the store manager to COO from seven to five. In the case of the hypermarkets business, the regional heads were relocated to head office to save administration expenses. The collective result: at a store level, 85 per cent of More's 600-odd outlets are profitable now, from a negligible number earlier. As Varghese puts it, “There's a chalk and cheese difference.”