

Deming on the front lines: A systemic assessment of a retail organization in the Washington, DC metropolitan area and general recommendations for management

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Abstract. This paper is a case-study of a retail business, located in the Washington DC metropolitan area, based on one of the authors work experiences. The authors apply Deming's organizational theory, as well as Harvey's, Ivanov's, and several other theorists' ideas to evaluate the organizational system and work processes of this corporation at the front-line. Based on this study, the authors develop several general recommendations to management that may apply to all organizations facing similar issues, and also hope this paper continues the theoretical development of systemic organizational principles.

Keywords. Organizational systems, W. Edwards Deming, Jerry B. Harvey, Organizational improvement, Management diseases.

JEL. A10, A13, A14.

1. Introduction

This case study is based on an American corporation, located in the Washington, DC metropolitan area. The company owns many retail stores across the United States. The authors focus on one of such retail stores to provide organizational recommendations to management. The store sells various household items such as, food, health and beauty aids, cleaning supplies, basic apparel, house wares and seasonal items. One of the authors has worked for the company, and thus, is able to evaluate and study the organization from the inside. The authors then interpose various management theories to check how the organization and its system is doing based on the studies of various management theorists.

2. Noticeable and immediate organizational issues

2.1. Poor Training

The store opened in October last year, and we went to other stores to receive training. Employees found that every manager trains differently, thus, no uniformed training. Some of the training managers do not know much about the work. Not knowing everything is fine, but when they have been working for the company for some time, they should be able to answer basic questions regarding the job. When asked a question, sometimes they just look surprised. We found that many managers do not know important things needed to get the job done.

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2.2. Focus on Short-term Profits

Deming (1994, 1996, 2000) writes that many organizations focus on short term profit instead of long-term well-being of the company. Focusing on short term profits by trying to save money and sending new employees to train at different stores can only lead to more problems. For example, an employee who has no experience in working in retail faces a basic problem of not knowing how to accept a bank check. Not only would the employee would get frustrated, but it would also result in loss of customers and sales. The customers get upset because they are not be able to purchase items easily. The second time they would not want to come to that store because employees do not know how to check them out. Customers like to spend their time shopping at the store getting what they need or want from there. Then they arrive at the register to find out they cannot purchase the items because the employee has not been trained on how to take a check. Many customers then leave and do not come back.

2.3. Worst Cash Register Technology

Another problem is that the organization has one of the worst cash register systems. There is not a day goes by without an issue with the register. They are also running very slow. Sometimes, it would take more than five minutes to finish ringing up a customer because the system is so slow. This causes long lines. No one likes to wait or stand in those long lines. Many customers just leave because they do not want to wait in line. These issues are a daily occurrence, causing significant loss of sales.

2.4. Payroll and Over-hiring

Often managers hire too many people for the store, but they do not receive enough payroll dollars to cover all employees. For example, recently, a manager hired too many employees. The people who are part time employees do not even get part time hours. Most of the employees work two to three days per week, while others get only one day per week. Working one day per week causes many not to want to work for the company and find another job, thus, causing high turnover.

We further found that this is not the manager's fault because district managers constantly require store managers to "hire more people." If the district manager says hire more people, the managers do just that. It becomes like a domino effect. A manager hires not because it is the right thing to do for the business, but because his boss orders to hire even though there is not enough budget for these hires.

2.5. Abilene Paradox

Harvey (1986) writes about his now-famous Abilene paradox that organizations frequently take actions in contradiction to what they really want to do. Therefore, they defeat the very purpose they are trying to achieve.

This organization travels to Abilene daily. One manager always orders to hire more people to make sure there's always someone available, not being aware that there are already too many employees hired. The managers do not

speaking or do anything about the issue and the problem cycle just keeps repeating. It causes the organization trouble finding reliable employees. The employees who are hired, quickly get discouraged by lack of work hours they receive. Then they experience frustration, anger, irritation, and dissatisfaction with the organization. Time and time again employees complain about the few hours they receive. Then they leave because of lack of work.

2.6. Doubletalk

Most of the time employees hear from managers only double talk, the official language of the organization. Double talk is when someone uses language in which a person deliberately lies to mislead or manipulate with a malicious intent. Most of the time the managers promise “next month I would get more payroll, so I would be able to give you more hours.” They would also tell the employee “get this stuff done and next week you get more hours to work on something else.” In reality most managers are double talking to mislead employees to get the work done. They are not planning to give any employee more hours. Eventually the employee catches up and realizes the lies. Then, the employee starts to produce less work and no longer trusts the managers and the organization. Trust is essential when working together. To run a business not only do you need managers but also employees. This means that managers need the employees to make sure the business is run well. Trust is needed between the managers and the employees. If there is no trust, there will not be any work getting done (Ivanov, 2017, 2018).

2.7. Work

Work is a phenomenon that occurs between two or more individuals (Ivanov, 2017, 2018). This means that managers and regular employees should work together. Thus, there must be some exchange of information to make sure everyone is on the same page. Work also requires trust (Ivanov, 2017, 2018).

Double talk breaks trust. No trust leads to pseudo work (Ivanov, 2017, 2018), and this is not good for the manager, employees, and the organization. Because in order to run a store and produce effective and productive work, both all managers and employees must work in sync. Pseudo work simply produces more problems, for example, high turnover, and lack of reliable workforce.

2.8. Poor Customer Service

Any retail must have great customer service. This organization does not have great customer service. For example, many employees do not provide good service because of lack of training, and managers do not do anything to fix the problem. If a customer has a problem, employees do not try their best to help the customer. Normally what they do is try their best to get rid of the customer. My manager is a great example; a customer came in to the store with coupons. The coupons were not working, but my manager told the customer, “sorry I can’t take them.” The customer got frustrated because she had the right coupons for the right products, but the manager was not trying to see what the problem was, he was just trying to tell the customer her coupons didn’t work to get her out the store. I came in to help when I noticed he wasn’t trying to do anything to help the lady. How could it possibly be

called good customer service? As a business, we depend on customers, we need the sales.

Harvey (1986) talks about the failure to assist others when being ask for can result in anaclitic depression. We do not provide good service, resulting in loss of customers and bad reputation. We can call this front-line store operation as mostly depressing.

Being humans, we want people to treat us with respect. We want to know that when we need help, we can receive it. Which is why we should always treat people with respect, treat people how we would like to be treated. This mean even when we are working, we should treat others with the respect we would like to receive. Customer satisfaction should be an important priority for this business, presently disregarded.

3. Recommendations

3.1. Improve Training

Based on these experiences and observations, one of the recommendations is to improve basic training. Before the managers are put in charge of running a store, there should be an evaluation to see if the managers know and have learned all aspects of the job.

If managers are provided with better training, they would provide the training need for new employees. The training should be the same for every manager. This way every employee would have the same training and there would not be any confusion.

If managers are well trained and are competent, then they could train their employees well enough where there is no need to (over) hire so many people. If the employees are trained well, then there would not be any reason to hire many employees. Better training would result in fewer problems when it comes to dealing with customers, as well as building a reliable and stable workforce.

3.2. Improve Hiring

Managers must understand the hiring budget. Having fewer employees that can get the job done well, would keep the employee and the manager satisfied with high quality of work. There would not be any reason to have so many people and give them just a few hours per week. It makes no sense to have so many employees only to see them leave. This causes a hostile environment where employees come in there with the mentality "I'm only here for a few hours why should I do anything?" Also when employees are not giving enough hours, they do not commit to the company. Fixing training, and giving employees enough work hours, employees would be more committed to stay and work for the company, and provide great customer service.

3.3. Improve Technology

Another recommendation is also to improve technology, especially cash registers. If these final points of all sales run well, there would be no be lengthy, delayed, and unnecessary lines. Thus, the store could competently service more customers, improving sales and customer satisfaction.

4. Conclusion

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In order to improve the organization, in this case a set of large retail stores, the management must focus on improving the front-line operations. The authors, immediately identified three basic areas for such improvement: develop and provide competent and universal training, improve hiring and budget process to stabilize the workforce, and improve basic cash register technology to increase the sales. The authors believe that immediately fixing these three issues would improve sales, increase customer and employee-satisfaction, and ultimately lead to higher profits for the business.

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