



In 2001, Safeway Stores identified £100m revenue as “lost” or unaccounted. The business set a target to reduce this figure by £40m in the following year, by improving stock management skills in stores. Safeway had undergone significant cuts in middle management over the preceding years and this exodus of experienced staff diminished the ‘pool’ of knowledge that were familiar with tackling this type of problem.

To make matters worse, current store managers were not giving this issue sufficient priority. The programme’s success relied on three critical elements:

- to engage store managers with the stock-loss problem, where many believed that they were sufficiently familiar with the problem and its solutions and would not react well to ‘being trained’
- to be able to synthesize and make explicit best practice from a small number of key practitioners experienced with the stock-loss problem, its causes, consequences and resolution
- to be able to make the output of the programme available in such a form that it could be used in a variety of development situations and on an on-going basis.

Safeway’s description of the primary audience led us to suggest a ‘constructivist learning’ approach whereby store managers would be challenged to solve stock-loss problems in a ‘virtual store’. The use of these problem solving techniques, rather than conventional training, proved to be highly effective in the creation of a developmental agenda for store managers. Instruction was delivered through the feedback provided by the system in response to actions taken by the store managers.

In this way, store managers were able to:

- acknowledge and consolidate existing knowledge
- extend their understanding of the less-than-obvious impact of stock-loss
- appreciate the interconnectedness of the stock-loss issues with other parts of the business
- fill in gaps in their knowledge without exposing themselves.

The programme was designed to be taken individually or in facilitated groups, the latter approach proving to be particularly successful. Over 2,000 store managers, and other staff involved with stock loss management took part in the programme, which toured the country using a specially commissioned coach fitted with networked PCs. The programme was implemented store by store and in groups of ten per session, deliberately mixed to include a variety of roles and levels of experience, led by the local area manager.

A pattern quickly emerged; the participants worked independently for about twenty minutes at which point they started to talk about the scenarios with each other and the session quickly turned into a lively discussion about how to implement best practice in their own stores. Area managers, store managers and others associated with stock-loss issues began to agree specific store and regional action plans that were subsequently added to the regular store performance reviews.

Two key points were prominent in the feedback: the staff enjoyed this way of learning, and they were motivated by the range of ideas that were generated in the sessions. The area managers themselves also commented on how much they had learned by attending the sessions.

The overall stock-loss reduction programme exceeded its goal of saving £40 million in the following year. A saving of over £10m was attributed to changes implemented by store managers as a result of being part of this development programme. This was achieved through a reduction in overall stock holding (while maintaining availability) combined with the execution of better stock management practices and use of supporting systems.

Further information can be found on our web site ([www.head-light.co.uk](http://www.head-light.co.uk)), including a Retail Insights White Paper and the following additional case studies - Grainger PLC, Hertfordshire Constabulary, Serco PLC, BPP Professional Education and Visteon (USA).