

# Winning through productivity

Retailers are challenged by rising operating expenses due to higher manpower and rental costs. Meanwhile, their ability to raise prices is limited in an environment of keen competition, market transparency and deals-loving customers.

How do brick-and-mortar retailers profit under such conditions? This article posits raising productivity as the way to go.

Productivity is often associated with cost savings, such as getting the same things done at a cheaper price. This focuses on efficiency. However, retailers, if not careful and if they do not keep up with changing consumer behaviours, may end up driving efficiency on something that is obsolete. Kodak is an example, focused on the efficiency of their print photography instead of catching up with digital photography.

There is another side of productivity — driving revenue. This focuses on effectiveness by finding the right things to do. Apple Stores birthed because Apple did not think that the conventional retail stores would do it their way: Allow shoppers to try any Apple product, have their concerns handled by knowledgeable specialists, and when they are ready to buy, set up the products for them even before they leave the store.

These services translate to higher costs due to the need for more demonstration sets, space and employees. But Apple is aiming to achieve more customer engagement, more smiles per square foot at the stores that would eventually be converted to more sales.

Productivity is about both effectiveness and efficiency. The environment is ever-changing; retailers need to adapt by constantly seeking the right things to do and finding better ways to execute so that they can satisfy and/or exceed consumers' needs.

## Outside-in approach

Effective productivity begins with an outside-in approach. Scan the environment for opportunities. Learn and move fast. Delete the obsolete tasks. Determine the right things to do. Then adopt better ways to do it.

According to Jim Collins, who proposed the 'First Who, Then What'

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mantra, successful companies are relentless in seeking and appointing the right people first. Once found, these right people will ask the right questions and determine the right things to do.

Productivity at the top is about having a strong management bench of talented leaders who can drive performance and bring their companies to another level. They lead with vision. They are clear on their core business, customers and activities. With disciplined thought, they engage in disciplined actions to achieve optimum results. They stay focused and say no to things that do not contribute to their core business.

With a clear vision of their company goals, employees no longer work in the dark. They can work more purposefully by aligning their thoughts and actions to the vision. Leaders can engage them in ideas generation and implementation, thereby capitalising on their expertise.

Lego's CEO, Jorgen Vig Knudstorp, exemplifies effective leadership. His vision is to produce toys that children would not just want, but want more of. He defines children as the company's core customers even as Lego provides timeless fun for people of all ages.

He identifies the clutch power as Lego's unique selling proposition. The clutch power is the important feature of Lego bricks, which are easy to snap together tightly and easy to separate, thereby readily allowing for de- and re-construction. The clutch power appeals to human creativity by offering endless permutations of creations.

Knudstorp also emphasised the importance of performance and built a culture where results count. He said: "We needed to build a mindset where non-performance wasn't accepted because there is no place to hide if performance is poor."

## Productivity is creativity

High productivity is about doing more with less and yet achieving the same, if not better, results. If employees stay within their comfort zone and keep applying the same process in a rapidly changing world, they are in fact regressing and becoming less productive.

To be productive is to be bold. Be courageous in thinking, doing and reviewing. Give employees permission and space to be creative, to the point of possible failure. When they fail, employees must be equipped to recover fast and keep moving forward.

If leaders communicate their vision clearly to their employees and empower them to explore better ways to achieve the vision, won't this make their jobs better? If employees can make their jobs better, they then can "make every job better", an advice shared by Singapore's Labour Chief, Lim Swee Say. When every job is made better, productivity will rise.

## Regular feedback

Employees need regular constructive feedback to improve their performance. Currently, there are three common responses that leaders give at feedback: Say positive things, say negative things or say nothing.

Of these, to say nothing is the worst. Without feedback, how can employees improve? With information, they are compelled to act responsibly.

If leaders want to hold their employees accountable for their performance, they need to tell them the truth. Providing feedback is another way of expressing that leaders notice and care about the things that employees say and do.

To win in today's competitive market, retailers need to seriously embrace productivity. Appoint productivity-centric leaders, be clear on where the company wants to go, articulate acceptable work behaviours, do the right things right, promote creativity and provide regular feedback. **ra**

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