



# Logistics Takeaways from Retail Organization Structures

## Retail Organization Structures

This class introduces a standard high level organization chart for a retail business. One of the things it addresses is the relative power of each senior executive, which is important to keep in mind. Logistics management is not that high up the totem pole. Hence any chance you get to influence other senior executives should be taken.

The class addresses the pains for each business executive. You can download a handy job aid from the Resources section to keep the list of pains to hand and to refresh yourself on organization structures whenever necessary. This includes a set of pains for logistics management.

The class also explains how senior executives in retail commonly have their bonus schemes structured. This is useful because people do what they get paid to do. You can't easily ask a senior executive how their bonus is structured, but if you ask, for example, how the warehouse managers bonuses are structured, you will often get an answer and you can infer how theirs works from this answer. For example, if shrink or the level of product damage is in the warehouse or transport managers bonus, you know that it is a company concern, and it will feature in the senior Logistics executive's bonus in some way. This is one indicator of their hot buttons.

## CAPEX

This class also explains how the CAPEX (capital investment approval) process works. This section includes good content on how to influence the CAPEX process when you do not have access to the CAPEX committee. Remember, that very often, if your sponsor in the account takes a project involving you to the CAPEX committee, your competitor will rarely be another logistics company. It will be someone like the EVP of Store Operations for example, who can use the same money to open another 6 stores or whatever. Hence, it is dangerous to allow your sponsor to go to CAPEX for project approval without having supported him or her with guidance. Keep in mind that many of the people you sell to never received any sales training.

Increasingly, retailers are avoiding CAPEX issues by using service companies that bill monthly costs that do not involve any CAPEX approval, so if your proposal is within the executive's budget, he or she may be able to sign it off on their own, depending on how big it is.



## Smaller Enterprises

The content in this module focuses more on larger enterprises. In smaller businesses, the structure may be rather different. For example, in a ten-store retailer, the CEO may very well be the owner of the business. They don't have a CAPEX committee to worry about and they have more freedom to make decisions than executives in bigger companies. However, they will not have the financial resources of bigger companies either, so they may often have to persuade a bank or other financial institution to advance them a loan to fund the up-front part of a project. They may welcome some help with this aspect.

Smaller companies may also not have a Finance executive on payroll. They may have a bookkeeper who does the day-to-day work and an accounting firm who provides advice to the owner or senior executives. Their Finance executive may in fact be a partner at the accounting firm. So when you need to influence people to support your proposal, keep in mind that you may benefit by engaging these people.

## Retail and Consumer Goods Industry WIKI

Also, keep in mind that the Retail and Consumer Goods Industry WIKI has a series of discovery interview checklists that you can download when you are getting ready to interview people. There is one for each retail senior executive, for example.

These are available in MS Word so you can edit them to suit a specific purpose or meeting. It would be a good idea to look at one of these documents to have a better idea of how it may help you. In essence it gives suggested questions to ask, perhaps as many as 30, though you might never use more than half a dozen in anyone meeting. When you ask a question and receive an answer, it indicates what to look out for in the answer, and depending on the specifics, what question to follow up with next.

