

***Leaner Six Sigma*[™] in Retail**

Lean Six Sigma (LSS) has various desirable features when studied in terms of its applications in the retail industry. Our approach, *Leaner Six Sigma*[™] is easier to understand and serves to motivate workers to work together to fulfill customer requirements.

Typically, LSS uses statistical and scientific models, which help them to control and enhance product quality and reduce costs and waste (Ladd, 2013).

The *Leaner Six Sigma*[™] implementation of this approach facilitates daily monitoring of ongoing activities in order to ensure consumer satisfaction through improved services. *Leaner Six Sigma*[™] simplifies the math and statistics.

Since the retail sector is the prime driver of the global economy, its operation is usually extremely dynamic and complex (Jaca et al. 2012). This complexity demands the implementation of waste reduction, product quality variation, quality control, and efficient working in all retail processes including employee management, marketing, selling, stocking, etc. The absence of a proficient retail management system can give rise to several issues.

Challenges

The most common challenge in the retail industry that results in high costs, high waste production, and lower efficiency is the high turnover rate of retail employees. Since most of the employees working in retail stores are aged between 16 and 19, their inexperience and limited business knowledge can result in customer dissatisfaction, loss of productivity, and higher recruiting costs in case of the employees leaving their

jobs (Ladd, 2013). The first and foremost priority of the retail industry is to maximize profitability. Retail stores manipulate the working hours of employees in order to reduce employee hours and the operational costs. However, this approach deteriorates process improvement by overwhelming the associates with the workload during busy hours.

Solution

Leaner Six Sigma[™] approaches for operational improvement in retail focus on maximizing customer satisfaction by improving the customer-facing procedures. The core purpose of using the *Leaner Six Sigma*[™] approach in retail is to drive sales while also keeping the costs and waste at a minimum. For the present case scenario, adopting the following strategies can help mitigate the risk of dissatisfaction and operational inefficiencies.

- Training retail employees and monitoring their routine activity is important to reduce the turnover rate. Higher turnover is responsible for affecting the sustainability of improvements implemented in the stores (Ladd, 2013). Retail store management, as a result, ends up wasting a huge sum of time on basic employee training and wasting costs on employee recruitment. Specialized training and employee engagement programs can increase their working capacity, loyalty, and proficiency.
- Becoming customer-centric should be the topmost priority of the retail stores, as it helps in driving sales and increasing productivity. As discussed in the previous section, decreased focus on process improvement due to an intention to cut labor costs can prove to be more expensive in the long run, as it results in bad customer service and consumer experience. Recruitment of well-trained,

educated, and proficient employees is an investment that the retail stores must undergo to ensure long-term profitability.

- Self-checkout is another process that is crucial for solving customer-facing process improvement issues (Jaca et al. 2012). It can also reduce the need for labor for individual checkout points and streamline the operations through personalized service, efficient collection of data, predicting demand through product data collected on the platform, and higher levels of customer engagement.

Final Remarks

Nowadays, retail stores need to focus on customer satisfaction while also making long-term and practical plans regarding budget and quality control. Lean six-sigma approach can help the retail businesses to build a strong persona by becoming customer-centric and focusing on improving customer-facing processes.

References

Ladd, B. C. (2013). Supply chain management and lean six sigma in a retail environment.

Jaca, C., Santos, J., Errasti, A., & Viles, E. (2012). Lean thinking with improvement teams in retail distribution: a case study. *Total Quality Management & Business Excellence*, 23(3-4), 449-465.