

Scenario:

Midwest Valueland (MV) is a regional superstore chain of 200 stores located throughout the Midwest states in convenient suburban locations. MV has grown from a local, family-owned superstore to an impressive publicly traded chain able to compete effectively with the national chains. The market is becoming more cluttered due to constant store openings by the competition, even though one national chain, Johnson's Mega-Mart, has consolidated stores to improve financial performance. MV prides itself on being a one-stop shop for customers, offering great values with low prices and periodic aggressive promotions on selected products across multiple departments. MV stores have the same general layouts so customers can feel comfortable in any store and easily find departments, which include the following:

- electronics
- sporting goods
- greeting cards
- stationery and school supplies
- books and magazines
- groceries
- paper products
- cleaning supplies
- clothing
- home goods
- health and beauty care
- pharmacy
- photography
- pet supplies
- toys
- automotive
- seasonal items

As in any retail store, space is limited on store shelves and other fixtures for displaying products; therefore, manufacturers' representatives aggressively pursue meetings with category leaders to provide what they hope will be convincing presentations and attractive slotting allowances for their products and generous retail space allocations. Additionally, the representatives want to review promotional plans, offering co-op advertising dollars to receive coveted space in the weekend circular ad, consideration for special in-store promotions, and/or limited floor space for special displays. Manufacturers' representatives often provide samples of their products so they can be tested and used for display space schematic (planogram) modifications. They try to build strong working relationships with category teams and may potentially try to influence decisions by offering various incentives, generally for the chain but in some situations for the individual.

You have just celebrated your 10-year anniversary with MV and your first year as category leader for the electronics section across the chain's 200 stores. You are the strategic business unit leader with profit and loss responsibilities for thousands of stock-keeping units (SKUs) of computers and accessories, telephones, cameras, audio equipment, televisions, DVD players, movies, music CDs, and video games. In addition, you oversee four category managers and various support personnel. As a category leader, you determine products carried by the chain, planograms for the electronics sections in stores, pricing, and promotions that appear in the chain's external and internal advertising promotions. Your goal as a category leader is to maximize shelf space usage, inventory turns, and profit

margins in the electronics section as well as to achieve or exceed weekly projections that tie into overall corporate goals.

You meet regularly with manufacturers' representatives to review new items, determine promotions, and address other matters. On a semiannual basis, you host a category review with key vendors to assess planograms to ensure that items are included and properly positioned in the electronics section or are discontinued based on inventory and financial measures. Items can be discontinued between reviews if warranted, based on performance alone or combined with the need to slot a new item. As needed, your team coordinates with the MV's Logistics Department to assess orders and ensure that optimal inventory levels are maintained. It interacts with the Retail Pricing Department as you review product pricing monthly, and it is important to ensure that prices are accurately reflected in the system for each SKU so they scan at the proper price. Your team also collaborates with the Advertising Department, checking the accuracy of images, product descriptions, and prices for ads.

With your promotion to category leader, you also serve on selected executive committees. Most recently, you have been appointed to a 1-year term on the ethics committee, which is headed by the compliance officer. The committee regularly assesses MV's code of conduct to ensure ongoing compliance with this and other applicable guidelines, including the Sarbanes-Oxley Act (SOX), related Federal Trade Commission (FTC) standards, federal and state guidelines regarding weights and measures and the accuracy of scanned prices, the Consumer Product Safety Act, and employment laws. The ethics committee also implements any recommendations from MV's audit firm and senior executives to strengthen policies. You welcome the opportunity to be a member of the committee and hope to be an influential force in further shaping policies. You realize that ethical situations are not uncommon in the retail business, and it is evident that some employees are persuaded to compromise standards. You are determined to help make MV a better place, both for its employees and for its customers.