The first C & C Grocery store was started in 1947 by Doug Cummins and his brother Bob. Both were veterans who wanted to run their own business, so they used their savings to start the small grocery store in Charlotte, North Carolina. The store was immediately successful. The location was good, and Doug Cummins had a winning personality. Store employees adopted Doug’s informal style and “serve the customer” attitude. C & C’s increasing circle of customers enjoyed an abundance of good meats and produce.

By 1997, C & C had over 200 stores. A standard physical layout was used for new stores. Company head- quarters moved from Charlotte to Atlanta in 1985. The organization chart for C & C is shown in Exhibit 3.20. The central offices in Atlanta handled personnel, merchandising, financial, purchasing, real estate, and legal affairs for the entire chain. For management of individual stores, the organization was divided by regions. The southern, south- eastern, and northeastern regions each had about seventy stores. Each region was divided into five districts of ten to fifteen stores each. A district director was responsible for supervision and coordination of activities for the ten to fifteen district stores.

Each district was divided into four lines of authority based on functional specialty. Three of these lines reached into the stores. The produce department manager within each store reported directly to the produce specialist for the division, and the same was true for the meat department manager, who reported directly to the district meat specialist. The meat and produce managers were responsible for all activities associated with the acquisition and sale of perishable products. The store manager’s responsibility included the grocery line, front-end departments, and store operations. The store manager was responsible for appearance of personnel, cleanliness, adequate checkout service, and price accuracy. A grocery manager reported to the store manager, maintained inventories, and restocked shelves for grocery items. The district merchandising office was responsible for promotional campaigns, advertising circulars, district advertising, and attracting customers into the stores. The grocery merchandisers were expected to coordinate their activities with each store in the district.

Business for the C & C chain has dropped off in all regions in recent years—partly because of a declining economy, but mostly because of increased competition from large discount retailers such as Wal-Mart, Target, and Costco Wholesale. When these large discounters entered the grocery business, they brought a level of competition unlike any C & C had seen before. C & C had managed to hold its own against larger supermarket chains, but now even the big chains were threatened by Wal-Mart, which became no. 1 in grocery sales in 2001. C & C managers knew they couldn’t compete on price, but they were considering ways they could use advanced information technology to improve service and customer satisfaction and distinguish the store from the large discounters.

However, the most pressing problem was how to improve business with the resources and stores they now had. A consulting team from a major university was hired to investigate store structure and operations.

The consultants visited several stores in each region, talking to about fifty managers and employees. The consultants wrote a report that pinpointed four problem areas to be addressed by store executives.

1. The chain was slow to adapt to change. Store layout and structure were the same as had been designed fifteen years ago. Each store did things the same way, even though some stores were in low-income areas and other stores in suburban areas. A new computerized supply chain management system for ordering and stocking had been developed, but after two years it was only partially implemented in the stores. Other proposed information technology (IT) initiatives were still “on the back burner,” not yet even in the development stage.

2. Roles of the district store supervisor and the store man- ager were causing dissatisfaction. The store managers wanted to learn general management skills for potential promotion into district or regional management positions. However, their jobs restricted them to operational activities and they learned little about merchandising, meat, and produce. Moreover, district store supervisors used store visits to inspect for cleanliness and adherence to operating standards rather than to train the store man- ager and help coordinate operations with perishable departments. Close supervision on the operational details had become the focus of operations management rather than development, training, and coordination.

3. Cooperation within stores was low and morale was poor. The informal, friendly atmosphere originally created by Doug Cummins was gone. One example of this problem occurred when the grocery merchandiser and store manager in a Louisiana store decided to pro- mote Coke and Diet Coke as a loss leader. Thousands of cartons of Coke were brought in for the sale, but the stockroom was not prepared and did not have room. The store manager wanted to use floor area in the meat and produce sections to display Coke cartons, but those managers refused. The produce department manager said that Diet Coke did not help his sales and it was okay with him if there was no promotion at all.

4. Long-term growth and development of the store chain would probably require reevaluation of long- term strategy. The percent of market share going to traditional grocery stores was declining nationwide due to competition from large superstores and discount retailers. In the near future, C & C might need to introduce nonfood items into the stores for one-stop shopping, add specialty or gourmet sections within stores, and investigate how new technology could help distinguish the company, such as through targeted marketing and promotion, pro- viding superior service and convenience, and offering their customers the best product assortment and availability.

To solve the first three problems, the consultants recommended reorganizing the district and the store structure as illustrated in Exhibit 3.21. Under this reorganization, the meat, grocery, and produce department managers would all report to the store manager. The store manager would have complete store control and would be responsible for coordination of all store activities. The district supervisor’s role would be changed from supervision to training and development. The district supervisor would head a team that included himself and several meat, produce, and merchandise specialists who would visit area stores as a team to provide advice and help for the store managers and other employees. The team would act in a liaison capacity between district specialists and the stores.

The consultants were enthusiastic about the proposed structure. With the removal of one level of district operational supervision, store managers would have more freedom and responsibility. The district liaison team would establish a cooperative team approach to management that could be

adopted within stores. Focusing store responsibility on a single manager would encourage coordination within stores and adaptation to local conditions. It would also provide a focus of responsibility for storewide administrative changes.

The consultants also believed that the proposed structure could be expanded to accommodate non grocery lines and gourmet units if these were included in C & C’s future plans. Within each store, a new department manager could be added for pharmacy, gourmet/specialty items, or other major departments. The district team could be expanded to include specialists in these lines, as well as an information technology coordinator to act as liaison for stores in the district.



