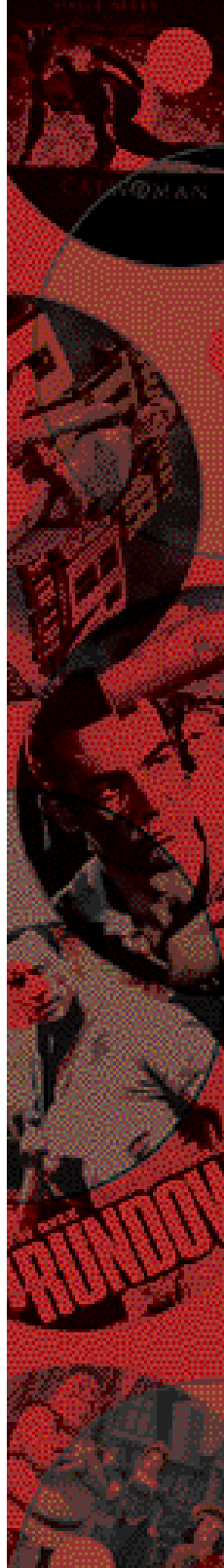




Rogers Video



ROGERS VIDEO is the largest Canadian-owned specialty video retailer in Canada, and the fifth largest video chain in North America. As part of the Rogers Group of Companies, their network of stores provides Rogers Cable and Rogers AT&T Wireless products in every store.

THE CHALLENGE

This project was conducted with a client that has 280+ stores across Canada. The client was facing 2 main problems:

- High variability on "on the floor" customer service and sales conversion across all stores (customers were not approached on the floor) which was leading to sub-optimal company sales results.
- High variability in labor utilization (scheduling) across all stores which was resulting in a waste of labor resources, with some stores well below the best and the average performing stores.

The project objectives were to:

1. Define objective, data driven metrics for "on the floor" customer service levels & sales conversion and for labor utilization at store level.
2. Implement a customer service process at store level to ensure exceptional customer service levels in all stores at all times and to increase sales conversion.
3. Improve the scheduling process in order to reduce variability (increase the mean) in labor utilization for all 280+ stores.
4. Ensure that both processes and metrics do not conflict with each other (e.g. too low labor scheduling to affect customer service).

Strategic objectives of the company were to improve profitability of the existing business. Increasing sales conversion while optimizing labor utilization were the 2 most important company objectives at the time.

WHAT WE DID

- Defining the right metrics to measure and analyze the 2 problems outlined above: 1) Transactions per labor hr would drive improvements in labor utilization, and 2) \$ per transaction would drive improvement in sales conversion through "on the floor" customer service.
- Determining the current performance for sales conversion (through "on the floor" customer service) and for labor utilization for each individual store. Stores were then mapped against each other according to the 2 defined Key Indicators.

Variance was calculated and financial effect for the company of increases in the mean (for both indicators) was defined. These numbers were used as the baseline for improvement target setting at individual store level.

- Mapping and analyzing both processes. Besides process maps, experiments, observations and prototypes were conducted to determine standard requirements for optimal customer service on the floor. As well, observations were conducted to determine optimal FTE requirements for all store activities, which would be used for scheduling and the labor management process.
- Implementing a new process to serve the customer on the floor, which will result in higher sales conversion. Implementation of the process included training and behavior change of store managers (managing by numbers).
- Improving the scheduling process, by making it data driven, in order to enable the scheduling of the right number of people at all times according to defined pattern of customer arrivals and support processes requirements (defined during observation/ prototyping phase).
- Designing an improvement target setting method in order to define targets at the individual store level, based on the defined variance of the 2 Key Indicators. Improvement targets would follow a sliding scale: Higher improvement targets for those stores low in the defined metrics, and lower targets for high performers.
- Implementing the defined improvements, including training of store managers and ensuring behavior change at store level.
- Designing monitoring and controlling tools, including :
 - Daily operating report, to enable store managers to monitor daily the store performance and act on process variances in order to accomplish the defined targets and results.
 - Weekly management monitoring report, to enable management to closely monitor improvement performance and act on variances on store performance.
 - Financial impact of project on company financials.

RESULTS

- Improvement in transactions per labor hour (defined metric for labor utilization) resulted in an average reduction of 5% in paid hrs per week across all stores.
- Improvement in \$ per transaction (defined metric for sales conversion, as a result of serving the customer on the floor) resulted on a average increase in revenue of over 3%.
- Annualized financial impact of the project was expected to be an increase in operating profits of CAN \$11.0 million, one year after implementation.

THE TESTIMONIAL

MR. CHUCK VAN DER LEE, PRESIDENT & CEO : "During the past year we have worked together to develop a store transaction volume forecast and labour scheduling tool. In addition we developed a service model that helps us to provide consistent service and improv our revenue per transaction. These efforts has resulted in a \$4.0 million improvement in annual operating profit. The Carpédia sustainable profit improvement methodology has proven to be effective in improving both our service and labour efficiency. Your organization's continued support has been appreciated and I look forward to an ongoing relationship for many years to come. I would recommend your services to any organization that wishes to improve both services delivery and efficiency."

Carpédia International is a management firm uniquely focused on helping leading companies implement sustainable improvements in revenue growth, productivity, and asset utilization.

