



Inventory Management

Self-Directed
Study Guide



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How To Use This Workbook

The purpose of this workbook series is to provide you with knowledge, skill and ability on a wide range of subjects related to your produce department. To ensure the best learning retention this workbook is constructed in two parts: (1) Readings and Exercises, and (2) On-the-Job Learning Tasks. Please identify who your mentor will be for this program and your start date below:

Mentor Name: _____ Date: _____

If you have more than one mentor or trainer, please list them all below. Any one of these individuals is capable of signing-off on your work. Refer to the individual directly responsible for your training for more information.

You will need to complete all of the exercises and work activities and have your mentor sign and date the designated areas of the workbook. This way, all parties will know that you have successfully completed the learning exercises and have achieved the desired level of understanding, skill and ability to execute tasks needed to do your job well.

What You Will Learn



Learning Objectives

This course is geared toward providing you with the skills required to ensure product quality and customer satisfaction through effective inventory management. After completing the readings and exercises in this workbook, you will be able to do the following:

Recognize the importance of inventory management

Maintaining an accurate inventory is an integral part of your job. Ultimately, proper inventory management is tied to product quality and exceptional customer service. You will be asked to reflect on the importance of inventory management through a series of self-directed exercises (Part One) and on-the-job exercises (Part Two).



Use your five senses to determine product quality

If you watch your customers as they shop for produce, you will see that they use each of their five senses to detect product quality. This means that you need to be aware of how your produce, and the entire department, appeals to the five senses.



Keep displays and bins well-stocked with high-quality produce

An indication of great inventory management is in part the consistent availability of core products, but just as important is the quality of those products being displayed to the customer. After all, quality is the single biggest reason customers return to your store instead of the competition.



What You Will Learn



Identify when produce items need to be culled

You will practice identifying items that should be culled, and consider the positive impact that consistent culling has on the produce department.



Identify the impact of over-ordering and under-ordering

In this guide, you will consider a series of case scenarios that reveal some of the operational consequences of over- and under-ordering.



Recognizing the importance of cold-chain management, and ways to maintain your end of the cold chain

The single most important factor in keeping produce as fresh as possible is maintaining a consistent level of refrigeration. An emphasis here is placed on teaching the cold-chain process to your team members.



Define your inventory process

As a manager, the ability to identify opportunities for improvement, and proactively coach and mentor team members, is the ultimate path to successful results. This guide offers example and resources to help you focus on sharpening your skill in this area.

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Part One: Readings and Exercises



Introduction



What is Inventory Management?

You can significantly increase inventory *turnover* (the rate by which products are sold) and reduce *shrink* (amount of wasted inventory) by focusing on the following three things:

DEFINITION

Inventory Management is the management of goods held in stock.

PURPOSE

To ensure you are maintaining the inventory levels necessary to meet the needs of your customers.

1. Selecting better product opportunities for displays.



2. Increasing bin size for items that sell out.



3. Continuously monitoring the quality of items.



Introduction

The Three Purposes of Inventory Management

There are three inter-related goals of inventory management. If any of these three are not being managed or are out of balance, it is very difficult to achieve a successful department until the problems are corrected.



1. Availability

Perhaps the most noticeable outcome of great inventory management is availability. The availability of product is important for fulfilling customer demand and increasing sales through visual marketing. Bountiful displays that incorporate a wide range of product choices and colors will generate more spontaneous sales and return visits to your store.



2. Quality

Another purpose of inventory management is quality assurance. An inventory of inconsistent quality cannot be managed effectively. It is the manager's job to ensure that all products received meet the company's standard, and that all products are handled, stored and displayed in ways that guarantee a long shelf life.



3. Profitability

The last aspect of effective inventory control is to maximize profitability. Managers are always monitoring costs and pricing. Knowing what is selling and what isn't allows you to carefully adjust your orders accordingly. Unless sales patterns are carefully monitored, it is easy for profitability to suffer.

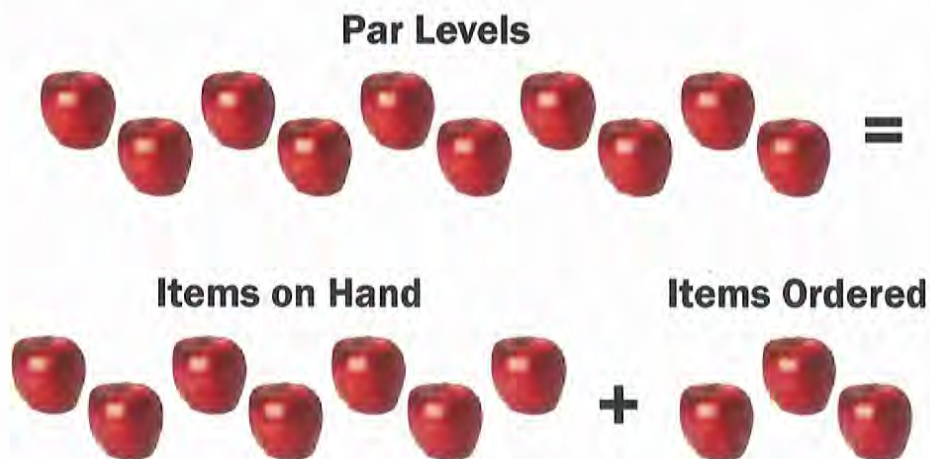
Tip

It is better to be slightly overstocked on core, top-selling produce items than to find your self understocked, which puts your department at risk of poor quality averages, not to mention running out of stock. Customers will never notice an over-supply, but they will always notice an under-supply.

Par Inventory Levels



One of the basic concepts of managing inventory is the establishment of par inventory levels or simply *par levels* (the average or standard level of inventory needed to match projected sales). There are two basic items that make up your par inventory: (1) items on hand, and (2) items ordered, which can be visualized together in this way:



While this is a good basic understanding, par levels are never static. Effective inventory managers also consider many additional factors, all of which help them improve the accuracy of par levels through continual adjustments, such as:

- The **quality** of the current inventory (product already in the store).
- The current **rate of sales**, sometimes referred to as velocity. This refers to how fast products are moving through your store in a given period. Faster means fresher, but it also requires even more labor attention to re-stocking and rotation based on the *FIFO* (First-In, First-Out) technique, as displays are quickly picked through.
- **Seasonality**. What makes sense for potato ordering in the winter does not necessarily hold true for summer ordering.
- **Marketing** programs and upcoming advertising programs that will impact par levels.
- **Holidays** and special events that may impact customer demand.

All of these issues impact the accuracy and efficiency of your inventory management process.

Product Quality

The Five Senses

Produce quality is one of the most important reasons customers come to your store. If you watch your customers as they shop for produce, you will see that they use each of their five senses to detect product quality.

Sight:

Regularly inspect the different produce items, culling as needed and removing a product that is damaged or bruised.



Touch:

If you find any items that are too soft or have shriveled, remove them immediately. If you do not, the customer is likely to judge the entire batch based on encountering a few of low quality.



Smell:

The sense of smell is one of the most powerful and influential indicators of quality. Make sure your entire display smells great, not merely one or two items.



Taste:

The best way to convince a customer to buy an item is to let them taste a sample for themselves.



Sound:

Many customers use the sound test to determine quality. You should also use your sense of hearing to listen to what your customers are saying about your produce and the department.



Product Quality



Maintaining a High-quality Average

The ability to maintain a consistent level of quality at all times is an important result to reach for. One great way to objectively measure quality over time is through the concept of high-quality average.

Consider the example of a display case containing a total of 30 Red Delicious apples. If we were to gauge the quality of those apples using a 1 - 10 scale, with 10 being flawless in every way (visual, taste, degree of ripeness, and blemish free) and 1 being extremely poor quality, then suppose our 30 apples were to break down into the following assessed quality scores:

- 10 apples that are of perfect quality (10 rating)
- 10 apples that are of high-quality (7 rating)
- 10 apples that are of fair to good quality (5 rating)



We can now calculate our overall quality average in the following manner:

$$(10 \times 10) + (10 \times 7) + (10 \times 5) = 7.3$$

Because we have done a great job of culling, and an equally great job of training our team members to never, ever place items of low or poor quality on our displays as a matter of sheer principle, this display, with a 7.3 quality average, is reasonably good.

Product Quality

Maintaining a High-quality Average (continued)

However, this quality average of 7.3 will not stay this way for long. Our first customer of the day arrives and selects the following 5 apples:

- 4 apples of perfect quality selected (10 rating)
- 1 apple of high-quality selected (7 rating)



Customer 1



Okay, so our first customer has reduced our inventory and impacted our overall quality. We can now calculate our new quality average in the following manner:

$$(6 \times 10) + (9 \times 7) + (10 \times 5) = 6.9$$

Still reasonably good, but our next customer is also very selective. He picks the following 7 apples:

- 6 apples of perfect quality selected (10 rating)
- 1 apple of high-quality selected (7 rating)



Customer 2



Our top quality apples are gone! Let's do the math:

$$(0 \times 10) + (8 \times 7) + (10 \times 5) = 5.88$$

Product Quality



Maintaining a High-quality Average (continued)

As you can see, we dropped from a 7.3 average to a 5.88 average quickly as our display was picked over by our first customers of the day. When we consider what will continue to happen to our apple display once customers 3, 4, and 5 are done, we discover that we are left with nothing but our lowest quality apples.! This creates an unwanted risk that all subsequent customers coming later in the day will become disappointed with our quality and choose another store to shop at in the future.



The solution is for the entire produce team to do everything they possibly can to do the following:

- Ensure that only the highest quality items are accepted upon arrival.
- Ensure that all items in the stock room and on retail displays are stored, handled, and cared for according to company operating standards.
- Continuously cull all lower quality products from the displays.
- Use a system for gauging quality averages on a regular basis. Never merely assume you are on top of product quality. Measure it as objectively and realistically as possible.

Best Practice

Use the sampling approach presented on the next page for gauging quality averages at the beginning and end of a shift. By adopting this technique (or by consistently following the quality measurement system used within your company) you will not only be on top of quality averages, you will also have a way to teach quality to your team by helping them see firsthand how important regular culling, rotating, and replenishing really is.

Product Quality



Phillip

Quality Calculation Exercise

Phillip is a manager who has decided to investigate the daily quality average for plums in his store by using a *before and after* method. In the early morning, the displays have been replenished using only the highest quality red plums in the store. The team did a great job up-front at culling out low quality products.

Phillip goes through the plum display to gauge product quality using a common sampling technique. He collects plums quickly and randomly from the top, bottom and both sides of the display. He takes a total of 20 plums and carefully rates their quality, looking for blemishes, bruises, shrivel, and over-ripening. He then rates his sample:

- 16 (80%) of the plums are of the highest quality (a 10 rating).
- 2 plums (10%) are just behind at very good (a 8 rating).
- 2 plums (10%) were rated acceptable (he rated them a 6).

Using the 1 - 10 scale, calculate the quality average at the start of the shift.

At the end of the shift, Phillip took another random sample of 20 plums from the display and found the following results:

- 14 (70%) of the plums were of the highest quality (10 rating).
- 3 plums (15%) were very good (8 rating).
- 3 plums (15%) were rated acceptable (6 rating).

Using the 1 - 10 scale, calculate the quality average at the end of the shift.

Product Quality



Quality Calculation Exercise (continued)

Take some time to answer a few follow-up questions to the calculation exercise. When you are done, arrange a time to discuss your answers with your mentor.

Q: If Phillip had instead found a large drop in quality of plums by the end of the shift, what are some of the potential causes?

Q: What tools are available to the manager to help investigate and uncover the causes of a large drop in quality average?

Q: Students in business schools are often taught what does not get measured, cannot be managed. In your experience, in what ways have you discovered this statement to be true as it relates to Inventory Management?

Ordering

Ordering is not an exact science. Despite the existence of powerful software and other systems, experienced managers learn to balance par levels by investigating several key factors. In addition to the basic rule of ordering as a function of *forecasted demand minus quantity of product on hand*, an accurate analysis includes the following considerations prior to placing your produce orders:

- **The quality and/or projected longevity of the current supply.** If you have a good supply of peaches, but they are extremely ripe, you may have a shortfall if too much product gets culled during the week.
- **Seasonality and customer demand** – the products which are likely to move quicker or slower in the upcoming weeks and months than have been doing so. Sometimes something as small as a hotter summer or a short winter can impact seasonal demand.
- **Availability** – the ability to consistently order an item from suppliers at a reasonable cost.
- **The display space requirements for a given item.** It is important to consider that when you make a decision about using limited display space, you are creating an *opportunity cost* meaning that you are sacrificing the value of various *alternative uses* for that same square footage.
- **Special events and holidays** that will alter customer demand, especially local events, which are more likely to fall under the radar than national ones.

It is not likely that any manager can be perfect, or even close to perfect at guessing the exact level of customer demand, the right product quantities, or the perfect product mix required when placing orders, but it is crucial to become as close to perfect as you possibly can.

The most basic and critical aspect of ordering accuracy is to avoid big inventory swings, waiting too long between orders, and to avoid under ordering most of all, as you simply cannot sell products you do not have in stock.

Inaccurate ordering (both over and under) has a significant impact at multiple levels of the operation. On the next page, you are to examine some of these in the situation exercises that follow.

Ordering



Situation Exercises

Review the following situations below, and in each case, provide your thoughts on how ordering practices by management are related to each situation, and what the consequences are to the business.

In order to move prunes as quickly as possible, the manager informs one of her clerks to create a *Manager's Special* sign to promote a discounted price sale.



A clerk overhears a woman shopping in the produce department on her cell phone saying, "I wasn't able to find several things on my list. I'll have to stop at another store before I come home."



Ordering



Situation Exercises (continued)

In late July, a customer notices that there are only a small number of peaches left on a display, and they look pretty well picked through. She concluded that the season for peaches was a short one. A week later, she is at a different store and notices a big, ample display of fresh peaches.



Two produce clerks are in the stock room unloading a large produce order. They remark to one another that only two weeks ago they were running out of produce items, but this week several big shipments arrived all at once. Although it is a lot of work, the clerks are happy that they are about to hit overtime.



The General Manager held a monthly meeting with his team. The Produce Manager reported a dramatic decrease in shrink from this time last year, but the General Manager was disappointed that produce sales had actually decreased.

Receiving and Storage



Cold-chain Management Guidelines

The single most important factor in keeping produce as fresh as possible is maintaining a consistent level of refrigeration – an unbroken cold-chain. The following are guidelines for maintaining your end of the cold-chain.

Verify that temperature guidelines have been followed.

When produce is being unloaded from the truck, it needs to be inspected to verify that the temperature guidelines have been followed.



Immediately stock produce in the cooler. As soon as you receive the produce, it must be stocked in the cooler.

Don't let product sit in the back room for six hours before putting it away. Produce that isn't put into proper storage will soon be deteriorating – draining your potential profits.



Monitor coolers.

Constantly monitor the temperature gauges on your coolers (both in the store room and out on the floor). If you're getting a low temperature reading, take immediate action to fix the problem.



Coach your associates.

You cannot be everywhere at once, so you will need the eyes and ears of your associates to get the job done. Coach your associates on the importance of maintaining the cold-chain.



Receiving and Storage

Keys to Effective Shrink Management



Follow rotational procedures.

It's important to always use the *FIFO* (First-In, First-Out) rotation system. Proper rotation helps to reduce shrink by ensuring that the oldest product is used first. You can help ensure proper rotation by marking a received date on the box before cases go into the cooler to make sure the product with the oldest date is put out first.

Without enforcement of proper rotation procedures, your clerks will put the newer product out on display while the older product is left to deteriorate in the cooler.

Keep in mind that the rotation guidelines should also be followed when produce is put out on display. One way you can verify that your staff is rotating product correctly is the touch test. Periodically pass your hand over recently stocked product. If it is rotated correctly, the newer product coming from the cooler should be under the older, warmer product.



Store product off the floor.

All products must be stored off the floor – either palletized or on a shelf. This helps to keep the cases clean and, more importantly, helps to regulate the temperature because the cases are not absorbing the temperature of the ground.

Receiving and Storage



Log all shrink.

It's tough to combat shrink if you don't know how much shrink you have. Keeping an up-to-date shrink log will help you keep track of the profit you are losing and where you are losing it. There are numerous software applications that can be used to compare the amount of product received to the amount scanned at the registers.



Learn your inventory control software.

Often, inventory managers will learn their inventory software just enough to do the immediate tasks at hand. Today's newer, larger inventory software applications can maintain enormous amounts of data and have more functionality than most managers realize. The more you know about how your specific inventory system works, the more successful you'll be in optimizing its features.



Computer systems are regularly blamed for things that often turn out to be human error.

The only way to determine the source of problems and correct them is to have a thorough understanding of how your system is set up and how the specific programs process the information. This is especially important for delegating certain routine computer entry tasks to team members. This requires taking the time to instruct them on understanding the system, not just the task at hand.

HELPFUL HINT

Most inventory tracking applications will allow you to use a bar code scanner to scan and track items as soon as they arrive at your store. You will then be able to track where the product is and whether it has been dumped or damaged. You can also use a trace-back system to keep track of an item's supplier, in case there are repeated quality problems.

Effective Process Management

Inventory Management = Process Management

Your success in applying the information shared in this work depends in large part on trusting your team and the effectiveness of your store's current system and processes. Before long, you will have gained the experience to begin building upon this great legacy and communicating your own goals, solutions, processes, and innovative ideas – working diligently to ensure everyone on the team has the necessary knowledge, skills and tools to be highly successful.

Although a comprehensive training on all aspects of effective management is beyond the scope of this workbook, here are some important considerations for managing processes and systems.

Keys to Effective Process Management

- Focus on the identification of improvement opportunities.
- Focus on implementing changes to eliminate or reduce them.
- Include all associates responsible for inventory-related activities so they have a clear understanding of the process.
- Train and develop people.
- Delegate as often as possible, and as much as possible.
- Establish formal checks for critical stages in the inventory and ordering process.
- Review your processes quarterly to determine if there is room for improvement. As the business changes, your processes will need to change along with it.

Effective Process Management



Sharing the Vision

If you had to manage the inventory by yourself, what would the results be? Perhaps the single most important performance measure for any manager is the ability to obtain results through people. Given that inventory management is executed through a series of process controls (from cold-chain management to product handling), the manager cannot rely on his or her own talent to succeed around the clock.



But obtaining results through people requires more than the ability to assign work tasks. It must also include the ability to communicate a vision to others, including short-term targets, long-term goals and clear performance expectations for the department.

Effective inventory management is highly dependent upon your ability to share the vision. This conveys not only what to do, but also why we do things in the manner chosen.



Defining Your Process

Coaching Team Members Exercise

Each situation below consists of an operational issue related to process management. Identify the problematic behavior, and secondly, how you would choose to communicate to the team member(s) involved.



You notice a newer team member restocking a display of avocados. This team member placed the new box onto the bottom of the display, then quickly placed the older stock on top and moved onto another task. You noticed in the last several shipments, Hass avocado ripeness has varied tremendously from one shipment to the next and even from one fruit to the next. How and when do you approach this team member about this? What did this team member do correctly? What is the best way, in your opinion, to help team members understand the unique considerations required for each produce commodity?



An extra large shipment arrived in last night's truck in preparation for a major holiday promotion, and the produce team did a great job at consolidating space the best they could, stuffing the stock shelves from the floor all the way up to the top rack of every shelf unit. What was done incorrectly here, and how would you communicate this to your team, who worked very diligently last night at ensuring every task asked of them was accomplished?

Defining Your Process



Coaching Team Members Exercise (continued)

Two team members are building an iceberg lettuce display and you overhear the more senior team member praising a trainee about the great job they did at culling out the bad heads of lettuce earlier this morning before stocking the new product. You had just checked the shrink logs and did not notice any iceberg heads listed. How do you coach these two team members? Do you do this separately or together? What procedural information do you convey to them?



Jenna is a night shift supervisor in charge of entering data into the inventory software program. You notice that she is missing out on a great new function in the software that would – once the time is taken to learn it – save her a lot of time, eliminate common sources of mistakes, and provide the company with a lot more detailed information. However, you also know that she is in a really big hurry to finish up this task tonight so she can wrap up the other closing tasks on this shift. How (and when) do you approach Jenna about the new features of the software?





Defining Your Process

Coaching Team Members Exercise (continued)

Additional Reading Resources

For more information on coaching and developing team members, the following sources are recommended for managers:

Blanchard, K. *Leadership and the One Minute Manager*. New York, NY: William Morrow & Co.

Honold, Linda. *Developing Employees Who Love to Learn*. Palo Alto, CA: Davies-Black Publishing, 2001.

Kouzes, James M. *Credibility: How Leaders Gain and Lose It, Why People Demand It*. San Francisco: Jossey-Bass Publishers, 2003.

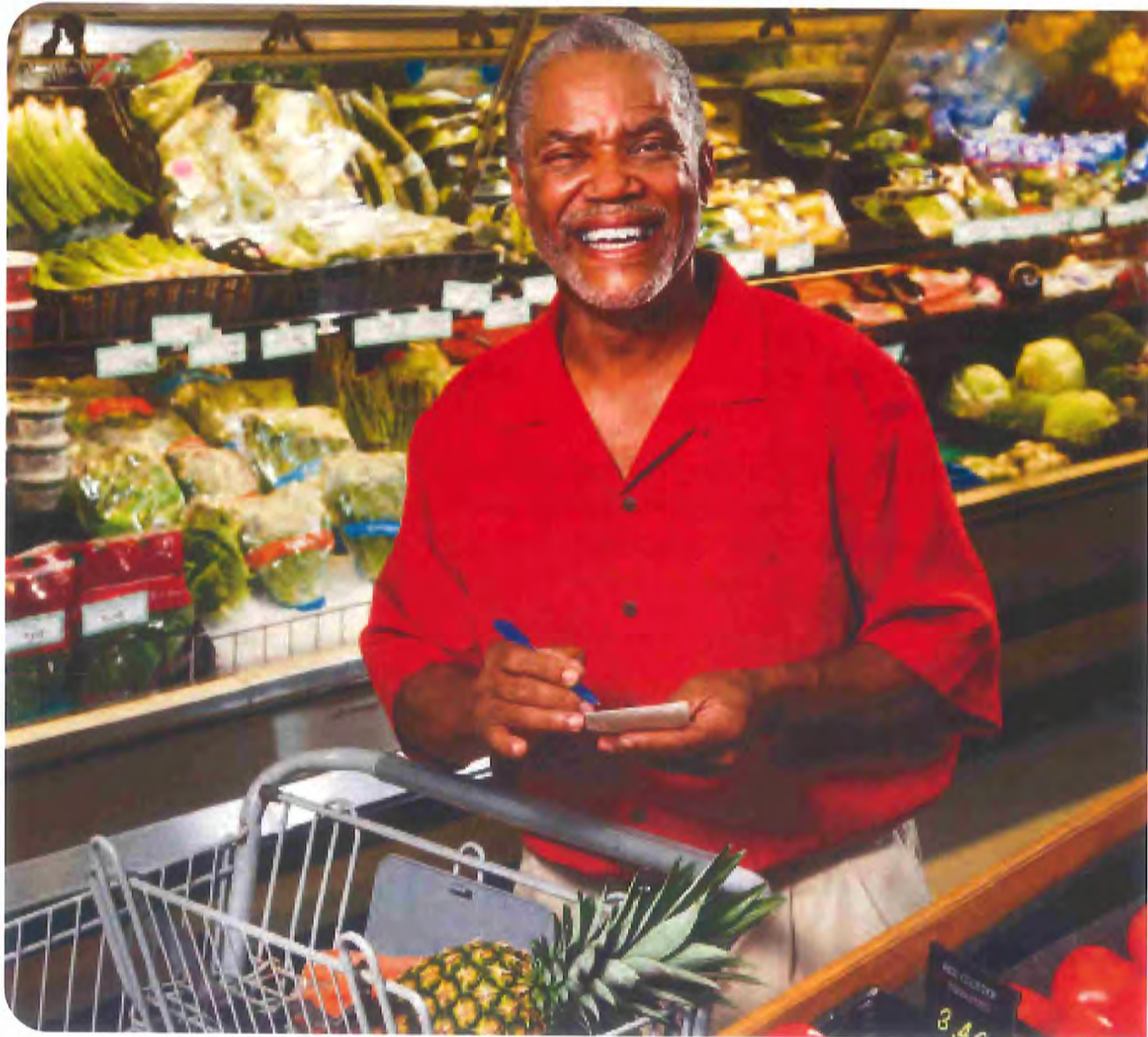
Mazzarella, Mark C. and Jo-Ellan Dimitrius. *Reading People: How to Understand People and Predict Their Behavior - Anytime, Anyplace*. New York: Ballantine Books, 1999.

Reck, Ross R. *The X-Factor: Getting Extraordinary Results From Ordinary People*. New York: John Wiley & Sons, Inc., 2001.

Zachary, Lois J. *The Mentor's Guide: Facilitating Effective Learning Relationships*. San Francisco: Jossey-Bass, Inc., 2000.

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Part Two: On-the-Job Learning Tasks



Operational Challenges



In order to fulfill the learning objectives of this program, you will be required to monitor several aspects of the produce department operation. You will want to get started with this exercise as soon as possible, since it will take you the longest to complete. Working closely with your mentor or trainer, it will be your responsibility to ensure the following tasks are completed, which includes a brief report (the Operational Challenge Report) on your findings and recommendations.



Track your store's shrink numbers for the next two operating periods or cycles (usually two months).

At the end of this challenge, you will include a brief analysis of shrink trends, which should include your recommendations for improvement, including selecting better display opportunities, team member development and general operational improvements.

Take charge of par inventory levels, making adjustments as needed over the next two operating periods or cycles.

Your end-of-challenge report will also include your assessment of display bins that should be increased or decreased to match sales trends.

Complete all available training for operating all of the inventory management software tools available for your store.

In order to effectively manage your store's inventory, familiarity with all software applications is a must. Ask your mentor or training personnel to ensure you have access to all company online and offline resources to complete your computer training.

Refer to the following two pages to complete your report.



Operational Challenges

Operational Challenge Report

When you are ready to finish this challenge, complete the report below.

Analysis of Shrink Performance

Recommendations for Improvement

Which areas (times of day, types of products, consistency in execution, etc.) would you say offers us the biggest area of improvement. Offer specific examples.

Team Member Development Solutions

Think of specific individuals who are in need of more training to help us reduce shrink. Provide specific information based on behaviors you directly observed and/or coached people on.

Operational Solutions

List any systems, procedures, or cost-saving ideas you have that might improve our shrink performance, and why.

Operational Challenges



Operational Challenge Report (continued)

Par Inventory Levels

Overall assessment of par inventory accuracy.

Display bins to consider increasing.

Display bins to consider decreasing.

Complete Inventory Software Training

Recap any software training you have completed.

Includes hands-on training, online resources, instruction manuals or print materials.

Sign-off: The operational challenges and brief report have been completed, meeting the performance standards set by our company.

Manager/Training Coach: _____ Date: _____



Product Quality Exercises

The Five Senses Exercise

Instructions: Your task is to select three produce items of your choice from your produce department to represent each of the five senses listed below. Your goal is to select those items whose quality, freshness and degree of ripeness can be determined using that particular sense. It is very possible to match the same item with two or more senses. There is no absolute right or wrong answer to this exercise, so just view this as you would a customer buying produce. How do you use the five senses to determine the produce you buy for your home?

Produce Item	Quality Indicators
1	
2	
3	

Produce Item	Quality Indicators
1	
2	
3	

Product Quality Exercises



The Five Senses Exercise (continued)

Produce Item	Quality Indicators
1	
2	
3	

Produce Item	Quality Indicators
1	
2	
3	

Produce Item	Quality Indicators
1	
2	
3	



Product Quality Exercises

Interview your Mentor

Local Store Challenges: There are many factors related to inventory that create a unique challenge to all produce managers.

Q: What special local events have a unique impact on this store?
What can I do to prepare for these events and effectively manage the department when they occur?

Q: How often do our forecasts miss the mark of anticipating our customer demand, and why? Which products does this seem to happen with the most? What is the single biggest challenge we currently face in managing our inventory, and what can I do to help reduce or solve it?

Q: What department goals and performance targets do we have in place that I should pay attention to? What can I specifically do to make a positive difference on these targets over the next month (or quarter or year)?

Product Quality Exercises



The Under/Over Exercise

This exercise is to be completed over a two-day period. On the first day you will check to ensure displays match sales projections. On the second day, you will share these observations with your team members, and provide them with guidance on shrink targets and specific items to watch closely.

Day One

Check For Accuracy. Check all produce displays in the morning (for displays in the process of being re-stocked, check back when your clerks are finished). Do all displays match the sales projections for the day?

Make Necessary Adjustments. *Example:* Ensure that displays are not over-filled or under-filled. Do not display 40 flats of berries just to fill up an existing display, when the projections only indicate you will sell 25. Shallow and/or dummy display methods can be used to visually fill large display cases.

Track The Results. Obtain the sales report at the end of the business day (shift). How closely did our projections match the reality of sales? If you do not receive daily sales results, then conduct the comparison between projections/actual sales as the data is available.

Day Two

1: Prepare. Upon arrival the next morning, create a brief presentation outline of what you noticed on your previous shift. Focus on the following issues:

- How well we are initially stocking our displays to match sales projections.
- How well we are making adjustments (restocking, culling) throughout the day.
- How well we are meeting our shrink targets for top-selling items.
- What we should focus on as a team for the upcoming shift.



Product Quality Exercises

The Under/Over Exercise (continued)

Day Two (continued)

Your last task for this exercise will be to speak for five minutes to your team at the morning shift meeting.

2: Perform. Conduct a 5-minute shift meeting on shrink management with the staff. Go over the shrink goals for two key produce items, and carefully cover specific aspects that need to be watched carefully during the shift.

Meeting Date: _____

Attendees:

_____	_____
_____	_____
_____	_____
_____	_____

Today's Shrink Goals:

Produce Item 1	Produce Item 2
Shrink Goal:	Shrink Goal:
Important Things to Look For:	Important Things to Look For:

Sign-off: The completed on-the-job exercise met the quality standards of our company.

Manager/Training Coach: _____ Date: _____

Ordering Exercises



Ordering Systems and Processes Exercise

Using your company's back office computer system, identify the current top ten selling produce items. Your task is to take ownership of the ordering duties for the next month under the guidance of your mentor, paying close attention to accuracy in managing the biggest moving products.

Afterwards your overall performance and progress will be measured.

HELPFUL HINT

This exercise will be of great value in completing the requirements for your three operational challenges (see page 6).

Hitting the Goal

Your goal for this exercise is to ensure that none of the top ten selling products do not run too low, do not fall below the company standards for quality, and meet or exceed the departmental targets for shrink. On the following page, your overall performance will be rated by your mentor.

Top Ten Selling Products

Product 1	Product 6
Product 2	Product 7
Product 3	Product 8
Product 4	Product 9
Product 5	Product 10



Ordering Exercises

Ordering Systems and Processes Exercise Results

Inventory Quality						
Under Ordered		Perfect Ordering			Over Ordered	
-3	-2	-1	0	+1	+2	+3

Notes:

Inventory Quality									
Unacceptable Quality			Acceptable Quality				Outstanding Quality		
1	2	3	4	5	6	7	8	9	10

Notes:

Inventory Shrink									
Unacceptable Shrink Performance			Acceptable (on-target)				Outstanding Shrink Performance		
1	2	3	4	5	6	7	8	9	10

Notes:

Sign-off: The completed practice display met the quality standards of our company.

Manager/Training Coach: _____ Date: _____

Receiving and Storing Exercises



Interview your Mentor

Receiving and Storing: In order to gain a general understanding of how the display maintenance function works in your company or department, interview your mentor by asking the following questions?

Q: How often do product and other supply deliveries occur (daily, weekly, monthly), and who are the major companies (suppliers) we receive product from? What should my top 2 or 3 priorities be when managing deliveries?

Q: What operational methods and technology do we use to forecast the correct amount of product we will need? What are the biggest challenges we face in execution?

Q: Many produce departments maintain a safety stock of top selling items in case a truck breaks down or an order is delayed. In what circumstances do we employ this approach? Are there certain types of product deliveries (or certain suppliers) that are less predictable than others?

Receiving and Storing Exercises

Receiving and Storing Produce Exercise

Your task is to manage the receipt of deliveries and storage of products for one operational cycle (usually one month, but the time frame is up to your mentor). Make sure to log any questions and observations you have in your notes.

Part One: Receiving

- 1: Take the time to memorize the names and delivery schedules of all major suppliers (as identified by your mentor).
- 2: Handle the delivery of at least one truck from each major supplier.
- 3: Using your company inventory software and/or documentation, manage the par inventory and product mix to reflect current business conditions, giving consideration to all of the following variables:
 - Special events and holidays.
 - Peak or slow times during the period.
 - Special store promotions, marketing campaigns, and other advertised markdowns and discounts.
- 4: Identify customer *demographics* for your store that you noticed impacting the par inventory levels of the core products listed above.

DEFINITION OF DEMOGRAPHICS

Demographics refers to local and regional factors which lead to differences in purchasing habits, such as ethnicity, culture, lifestyle (e.g., downtown vs. suburban markets), income of surrounding neighborhoods, etc.

Part One Sign-off: The completed practice display met the quality standards of our company.

Manager/Training Coach: _____ Date: _____

Receiving and Storing Exercises



Receiving and Storing Produce Exercise (continued)

Part Two: Storing

Your next task is to train a produce clerk on the following two topics:

- Maintaining the unbroken cold chain from delivery truck to store-room to display.
- Monitoring coolers, checking for correct temperature, and ensuring that products are stored correctly (in the correct area, correct stacking method, and correct temperature). Also ensure that any products that are sensitive to ethylene gas are not stored next to an ethylene producing product.

Clerk Trainees

The two clerk trainees I will train are:

Part Two Sign-off: All completed exercises have met the performance standards of our company.

Manager/Training Coach: _____ Date: _____

CONGRATULATIONS!

You have finished the last exercise in this workbook. Ensure that your mentor or training coach have signed off on all exercises and activities. The last step is to complete an on-going development plan.

Final Sign-off and Development Plan

Future Learning and Development Plan

There are bound to be some tasks related to inventory management that you are naturally more confident in than others. Learning is a continual process to pursue throughout your career.

Your manager will provide you with specific development goals based on their observation of your performance throughout this program. This is an interactive task, meaning that you and your manager will need to create a development plan together (see next page).

Development Plan - Completion Steps

1. Areas for Development

What are the top 2 - 4 areas of focus for continued progress as a manager? You will need to determine at least two areas of focus with your mentor to continue. If you have more than four, take some time to narrow them down to 4 at the most, otherwise, the on-going development process will become too fragmented to be of benefit.

Focus area 1:

Focus area 2:

Focus area 3:

Focus area 4:

2. Current Self-rating

For each development area, give yourself a current ability rating: from 1 - 10, with 10 representing complete mastery and 1 meaning completely unskilled. Unless you rate yourself a 10 then there is always room for improvement!

My personal skill rating for focus area 1:

My personal skill rating for focus area 2:

My personal skill rating for focus area 3:

My personal skill rating for focus area 4:

Final Sign-off and Development Plan



Development Plan - Completion Steps (continued)

3. Actions to be Taken

For each development area complete the sentence:

When this goal is obtained _____.

Finish the sentence by clarifying exactly what success will look like in terms of your level of knowledge, skill, ability, behavior, and operational outcomes.

Focus area 1: *When this goal is obtained ...*

Focus area 2: *When this goal is obtained ...*

Focus area 3: *When this goal is obtained ...*

Focus area 4: *When this goal is obtained ...*



Final Sign-off and Development Plan

Development Plan - Completion Steps (continued)

4. Measurement

For each development area, it is important to document how progress will be measured. The best measures are quantitative, meaning that they can be numerically gauged, however, there are some areas of development that are based on soft measures, such as the opinions or comments of team members and customers.

Measurement for focus area 1:

Measurement for focus area 2:

Measurement for focus area 3:

Measurement for focus area 4:

Mentor's Comments:

Trainee Signature

Manager Signature

Date

Date

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Development Plan

Name: _____ Date: _____

Development Goal	Actions to Take	Team Member Mentor	Follow-up Date	Completed (Mgr Initial)



Revolutionizing Produce Training

PRODUCE MARKETING ASSOCIATION
1500 Casho Mill Road
Newark, DE 19711
(302) 738-7100
www.pma.com



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