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Company introduction

Irma is a grocery retail chain that was established more than 120 years ago. Today it has 73 shops on the island of Sjælland, Denmark of which five are its 'Irma City' local convenience stores. The largest proportion of the shops are in the greater Copenhagen area, while the rest are located in larger towns on Sjælland.

The history of Irma means that the size and product ranges of the different shops vary considerably. The 73 shops range from large supermarkets (1,300 square metres) that cover all needs, to 'Irma City' shops of 56 square metres, with narrow product ranges, that act as convenience stores with long opening hours for local customers. Because of the varying sizes of its stores, Irma enjoys some flexibility in choosing locations for new shops. The key requirement is the existence of a catchment area that includes sufficient customers who share a preference for good quality products and foods.

In 2005, Irma's pre-tax revenue amounted to DKK 53.9 million (€7.2 million), which represents an increase of DKK 9.5 million over 2004. In 2005, turnover also increased, by 7 percent to DKK 2.25 billion including VAT (€302 million). In the 1990s, Irma was struggling. The company lacked a clear strategy, shops needed investment and renewal of concepts, key people were leaving the company, Irma had a bad image in terms of price versus value and annual accounts were in deficit. From 2000 onwards, significant changes at Irma were introduced; these focused on three key areas:

- the people in Irma, taking the form of a new strategy 'It's all about people';
- a better relationship with suppliers;
- the promotion of the Irma brand.

Between 2000 and 2005, Irma's financial results improved dramatically, and the company grew, increased its productivity and its financial surpluses.

At its head office in Rødovre, the Irma chain has its centralised departments such as personnel, purchasing, accounting, information technology (IT) support and marketing. Irma also draws on centralised services from its parent COOP group, including corporate IT, logistics and finance.

Although Irma is a centralised chain, it focuses on achieving an optimal use of resources and on exploiting local opportunities in each Irma shop. Each shop is led by a store manager who is responsible for taking into account the needs of the local community in the running of the store. This means adapting the product selection to the needs of the local customers.

Of a total product range of approximately 10,000 product numbers, only about 2,000 make up the core selection that all shops will sell. Of the rest, what each shop chooses to sell depends on its location, its size and the needs of its target audiences. It is possible for the store manager to suggest new products to be introduced into the selection, based on requests from customers, enquiries from suppliers or even product ideas identified on holiday in foreign countries.

During the last seven years, Irma has focused on value-based management, introducing a learning organisation and cross-organisation project work. All this places the employees at the centre of developments and makes them the key driver of Irma's success. The company encourages employees to share knowledge across the shops. Knowledge sharing is relevant in relation to good practice in marketing, offer presentations, events, etc.

The company's vision is that it be an innovative grocery business with a significant influence on developments in retail and society at large. Its ambition is to achieve a size and coverage of business that allows its target audiences to buy what they need at Irma and at the same time enables the company be a serious competitor to the discount movement. Irma sees its mission as being to provide its customers with products of high quality, with excellent customer service and with inspiring experiences at its shops and outlets.

Business development

In 2001–2002, Irma had 56 stores; since then it has opened between six and eight new shops per year. In 2005, Irma invested heavily in the modernisation of shops and introducing new technology: this included the replacement of all point-of-sale (POS) cash register systems with a new system. Two new shops were opened in Taastrup and at Islev Station respectively in 2005. The shop on Søborg Hovedgade was moved to new premises and another eight shops underwent major refurbishment.

At a time when discount shops are emerging everywhere, it is the strategy of Irma to act as a contrast to this discount movement. Irma focuses on quality, both in terms of its employees and the range of products provided in its shops. The aim is for customers to experience a real difference. In terms of the employees, the result has been greater satisfaction on the part of employees, as evidenced in the company's annual employee satisfaction survey. On the product side, more consumers are becoming interested in quality and organic or unique products. The company aims to continuously introduce new quality products supplied, typically, by smaller, dedicated producers.

The product quality of Irma has been rewarded, with the company winning the Butcher Award 2005 and the daily financial newspaper Borsen's Food Award 2005.

Market developments

Like other national markets, the Danish grocery retail sector has also been through a process of consolidation: most of the market is now covered by three large groups: COOP (Irma's parent group), Dansk Supermarked (Danish Supermarket) and the Superbest chain. The Superbest chain has recently agreed to merge with the Prima group (taking effect from October 2007).

Irma's most important competitor is the ISO chain, part of Superbest. Like Irma, ISO also focuses on quality products. Furthermore, the Føtex chain (Dansk Supermarked) is expected to launch a new concept in 2009, which will focus on quality foods and products similar to Irma. The Superbest chain has more than 220 shops throughout the country and will be challenged to satisfy the needs of very different consumer segments in the future. The internet-based food delivery service companies are still not considered major competitors. This business model is still in its infancy, although Aarstiderne, the market leader in Denmark, achieved a turnover of DKK 200 million (€27 million) in 2006.

Food safety has been a contentious issue in Denmark recently, as a result of problems with deliveries of outdated and contaminated meat and fish products. At Irma, this has meant an increased focus on food safety and documentation. Whereas previously, the company's internal meat consultant would spend more time on business development, it is now food safety that is high on the agenda when talking to the butchers in the shops. Food safety has also been integrated as an important part of the management training in order to ensure that procedures and documentation are complied with.

Staff profiles

Irma has approximately 1,950 employees of whom between 950 and 1000 are pupils and students helping out for only a few hours per week. Most of these pupils and students will work at Irma for three months or so; however, some stay with Irma for up to six years. Nevertheless, this group of employees has a high rate of turnover.

Store manager Jørn Larsen reports that approximately 50 employees work at his store, of whom 16 are students, approximately 18 are full-time employees and the rest part-time employees. Each full-time employee is responsible for managing a product area (eg. frozen foods, fruit and vegetables, cleaning products, beer and wine etc.). Jørn Larsen is supported by a deputy store manager and has employs a store management trainee. Smaller outlets have fewer employees; each employee will cover several product areas and a narrower product selection.

Irma is experiencing significant changes in the job market and particularly among younger job candidates. Increasingly, young people have very little or no experience in food preparation. For example, very few younger employees – when they first start at Irma – are of how even the most common vegetables are prepared and cooked. Recent decades have seen significant changes in the culture of families and young people, with fast food, convenience food and ready meals becoming increasingly important. Furthermore, young people tend not to think about the everyday, basic requirements of running a quality retail experience. As a consequence, Irma focuses on induction and training for all staff.

All full-time employees in the shops are responsible for one or more product areas and will have access to all the relevant data on sales and purchasing. They are responsible for maintaining their area, clearing away rubbish, reordering products and guiding customers.

Recruitment

Most of Irma's full-time employees have completed a relevant education and training programme in retailing. The company employs several trainees and many of them continue their employment with Irma after completing their programme.

Recruitment of full-time employees takes place via the head office; often, internet job portals such as Jobindex.dk are used. There is also an internal job portal at Irma: it promotes job opportunities, allowing employees to move from one shop to another, perhaps in order to work closer to home.

Recruitment of qualified personnel is becoming difficult in Denmark. Compared to other retail outlets, Irma benefits from its image as a good and caring workplace. In 2005, Irma improved its ranking in the list of Denmark's best workplaces from seventh to fifth place; in 2006, Irma won the award for the best retail workplace in Europe. Because of this profile, Irma receives many job applications from different types of candidates. Nevertheless, competition from other types of retail outlets, including banks, furniture shops etc. is making it difficult to attract people with the relevant professional skills.

In order to continue its expansion and growth, Irma will require well-qualified store managers and employees for the new stores it plans to open. Store manager Jørn Larsen sees the challenges as follows: 'We will need new strategies to attract the young directly from school, enable more kids to experience retailing before they make their choice in terms of career and we will need to think about how we can improve our offer even more in terms of basic and further training, career opportunities and challenging jobs'.

Increasingly, Irma is working to recruit people with less relevant backgrounds and is investing money and resources on giving them the training and the knowledge to do a good job in its stores. According to Jørn Larsen, in the future, Irma will also hope to attract more people who are already working in the sector for other employers.

Relationships with suppliers

A close relationship with its suppliers is an important part of the Irma philosophy. Whereas other retail chains focus primarily on negotiating lower prices from its suppliers, this is not the primary focus of Irma. Irma will work with smaller suppliers that have a unique product. For example, Irma's primary milk supplier is the small organic milk producer These Dairy, the company buys beer from the small local brewery Skands and its flour supplier is a small family-owned organic flour company.

New suppliers are invited to the head office for thorough yet informal talks. It is important that the suppliers understand the philosophy and strategy of Irma and vice versa. Irma seeks to be open and transparent and share its vision, strategy, pricing policy and sales figures. Its aim is to establish a long-term business relationship with the suppliers. The suppliers are therefore expected to be equally open in their approach and the experience of Irma is that this brings good results. The supplier relationships become very intimate and are based on personal relationships. Even the supplier that is responsible for establishing new and refurbishing existing Irma shops is fully aware of the Irma philosophy and how Irma wants its shops laid out.

The suppliers play an important role in educating the Irma shop trainees and employees. Irma staff visit the suppliers to gain a good understanding of the product and the 'story' of the company and product. According to personnel manager Flemming Andersen, a real Irma supplier is somebody who fits in with the Irma mentality, is honest, reliable, loves their product and is willing to plan for the long term.

At the store level, the close contact with suppliers is also important. Suppliers' sales personnel visit frequently, and local activities and offers can be discussed and put into action. Jørn Larsen sees advantages from a close contact with specialist food suppliers: 'The frequent visits to suppliers, and suppliers coming into the shop, allow us to get a good understanding of the product, the quality, the taste, the history and the uniqueness which we then pass on to the customers'.

Increasingly, logistics is becoming a major challenge for the retail sector. The transport and logistics sector is finding it even more difficult to recruit well-qualified people and the lack of experienced lorry drivers is resulting in many delays of deliveries to Irma shops. Jørn Larsen reported that he had watched an inexperienced lorry driver take almost an hour to reverse his lorry to a position from which he could unload the goods.

Traffic is also increasingly proving a logistical challenge – not just for deliveries but also for customers. The store that Jørn Larsen manages is based quite centrally in greater Copenhagen: he feels that the competition from out-of-town shopping centres has intensified over the last few years, primarily because they are easier to get to than shops in inner-city areas. On Saturdays and late afternoons on weekdays, the car park of his Irma shop can be completely full; it is evident to him that some customers will drive past and go to other shops simply because it is easier to park elsewhere. There are of course periods during the week where there are hardly any customers in the shop; in future it may be necessary to attract more customers to shop during these periods.

Purchasing and product department

The purchasing and product department, where administrative assistants Charlotte Moe Petersen and Jannie Olsen work, consists of 13 employees. It is managed by a purchasing manager. There are five product managers plus a number of procurement planners and administrative assistants. The department is managed in a flexible way.

Jannie Olsen says: ‘We have confidence in each other and we try to support and help each other as much as possible. We coach each other and each one of us knows his or her role. We know who gets good product ideas and who ensures a systematic approach and who finishes the job integrating the new product into the selection’.

They try to meet once a week in the department to discuss ideas and issues; in addition, there are ad hoc discussions with relevant people in the department and other departments concerning projects and product launches.

The department has worked hard on streamlining its operations to make the management of purchasing and products work more effectively.

Working conditions

Over the last couple of years, Charlotte Moe Petersen and Jannie Olsen feel that everyone in the company has become more focused on praising good performances and jointly celebrating good results. This is a deliberate initiative on the part of company management. The company is managed very openly: everyone knows what is going on and employees at the stores and at the head office are treated equally. Employees from the stores will come to the head office whenever required; similarly, staff from head office will visit the shops frequently. Every week, either the CEO or the sales and personnel director will distribute an email that provides the latest news to everyone in the company. This email is usually written in an informal, illustrative and humorous way.

Irma sees ‘a good life’ as a good balance between family life, leisure time and working life. For several years, those employees for whom working from home is feasible have been provided with a computer network connection to their homes. The two women are pleased with the option of working from home, particularly in situations where it is necessary. For instance, if they have a sick child at home, it allows them to look after their child and still get something done.

The danger of stress has been highlighted at Irma and employees have been trained to look for signs of stress – not just in themselves, but also in their colleagues. Although employees have been allocated a certain number of working hours in their employment contract, the focus at Irma is that they do their work and not that the work must be done within a certain timeframe.

Jannie Olsen and Charlotte Moe Petersen have worked at Irma for 21 and 32 years respectively and have experienced significant changes in their jobs over the years. They have worked in a number of departments. Today, both are constantly involved in shaping their roles, their jobs and the way they work with others. They both agree that the empowerment of the employees at Irma has meant that everybody in the company is totally dedicated to their work and to the mission of the company.

At Irma, most employees are on fixed salaries and for most employees there is no performance-related pay. Most employees on fixed-term contracts are on pension schemes. Apart from education and training and the occasional trip to a foreign country, there are a number of other incentives that Irma offers its employees. All employees who have worked for more than three months will receive a staff card that allows them a significant discount on purchases in Irma shops.

The company runs events such as ‘Top Week’, in which individual shops will run local activities aimed at achieving extraordinary sales of certain products. As an example, Irma ran an event that aimed at achieving as high a turnover as possible of organic products; during this week, sales of organic products were boosted. During such events, Irma awards staff for outstanding performance. Occasionally, the company will organise parties to which all employees will be invited. Local store managers may reward their team with a bottle of wine for an outstanding end-of-year or summer result. Jørn Larsen reports that his store organises occasional Friday morning breakfast meetings to share information, discuss issues and spend time together.

Two unions are represented at Irma. They are the Danish Confederation of Professional Associations and HK/Industri, the Union for Commercial and Clerical Employees. Irma has good working relations with both these unions. There are local union representatives at the main offices of Irma and problems are solved as and when they occur in dialogue with the union representatives. Such situations could involve wrongly calculated salaries or a dismissal where the union representative might ask for a person to be given a second chance.

Education and training

All new employees are given an induction and cash register training course at the Irma head office. Other retailers will only conduct this training at the outlet, but Irma have centralised the initial training; it takes place on Fridays or Saturdays every week. The centralised induction will take new employees through the history of Irma, the basic rules, how to wear the uniform and the culture and values of the company. The cash register training is focused on what to do in certain critical situations. The cash register and other training will then continue at the store in which the new employee will work.

Jørn Larsen describes the induction of new employees in the shop: ‘They are introduced to their colleagues and if they will be working at the cash register, we will introduce them to this work as well. At the beginning, an experienced employee will supervise them while working at the cash register to support them in problematic situations. We will also introduce them to the rules and “the way we do it in Irma”. I will observe how they conduct themselves in the weeks thereafter and provide feedback’.

Each store pays a monthly fee per employee to an education and training fund; when an employee goes on a training course, the store will be reimbursed for the cost of the days that the employee is absent from work. This means that a real incentive exists to identify training needs and send employees on training courses and events.

Irma publishes an annual training course and event calendar that maps all the training courses, supplier events and other events during the coming year. This means that the scheduled semi-obligatory training days of store manager trainees, retail trainees, deputy manager trainees and learning events of other employees are known at the start of the year, so allowing store managers to predict staffing needs effectively.

Jørn Larsen conducts employee development meetings with each employee twice a year to discuss problems, progress and development needs. At these meetings, he provides feedback on how each employee is doing in their job, what needs to be improved and how required competences are to be gained.

For employee development meetings with store manager trainees and deputy store manager and trainees, Jørn Larsen is joined by either the area manager or the personnel manager from the head office. Management trainees undergo a 5–12 month training period, depending on how experienced they are. Trainees may come from management positions in a different retail chain, in which case the main focus of the induction is on providing the trainee with a good understanding of the Irma culture and approach.

Most of the training and learning events are not obligatory. It is up to the individual employee, in dialogue with their manager, to decide what events they will attend and when.

Because Irma focuses on enabling good-quality food experiences for its customers, the company first decided that it would send all its employees in the meat department on a cookery course. The idea is that nobody can provide good cooking advice if they do not practice cooking in the first place. This has been a great success and the company has now decided to offer the course to all full-time employees. Flemming Andersen says: ‘At the beginning, people were sceptical. Why do they need to know how to cook? What use is that? I said to them, how can you sell an asparagus if you don’t know how it should be cooked?’ In particular, younger employees who have little or no experience in cookery benefit from taking part in these cookery courses.

In addition, Irma sends its fruit and vegetables staff on a trip to an asparagus market in Germany or a flower market in Holland, its beer and wine staff on a beer course at Carlsberg; similarly, the dairy supplier Thise comes to stores to run a course about its dairy products for staff working in these departments. The concept is that employees be facilitated in gaining a good understanding of the products, how they are produced and what they can be used for.

More than 200 employees on fixed-term contracts have completed between one and five modules of the ‘Pathfinder’ course. The aim of the Pathfinder course is to support personal and team development at Irma. It provides participants with tools for being proactive in the way they think about the challenges they are facing. During the modules, participants are put under a lot of pressure to see how they react under stress and work together in difficult situations. They are coached in analysing their behaviour patterns in order to learn from those situations where they produce their best performances and apply this to solving future challenges.

Jannie Olsen and Charlotte Moe Petersen add: ‘The tools we now know how to use and the knowledge we gained about ourselves and how we react in certain situations are very valuable in our day-to-day work’.

Use of information technology

Irma is using handheld scanners to order products, check prices and specify product information for the shelves. As mentioned earlier, the company changed all its POS/cash register systems and now uses up-to-date touch-screen systems.

The handheld scanners are continuously synchronised with information from the key product ordering system in Irma, called Box 2. This is an essential planning tool – not just for the store manager, but for each employee with responsibility for a certain product area. It allows employees to look up sales by products, going back several years. However, the system does not give the employees the required details in terms of ‘tacit knowledge’. It does not tell the employee at what time of day certain products were sold out or how certain weather conditions impacted on the sales and demand. Box 2 just tells the manager what was ordered and sold. Employees will need to supplement the product sales data with their own knowledge of what they believe will be of value next week, month or year.

Irma still has employees who find it difficult to work on a computer. Increasingly, however, it is a requirement that employees be able to work with at least certain computer applications. Employees who are responsible for a selection area need to be able to look up sales and procurement data and order new products, all of which are tasks conducted on computer. Therefore, Irma runs ongoing courses on how to use its basic systems (such as Box 2) and other applications such as Microsoft Word and Excel.

Irma also runs a staff planning tool, with which store managers such as Jørn Larsen can plan staffing for the weeks ahead. Again, Jørn Larsen supplements this planning tool with his own notes on what problems he has faced during the year,

to help him plan future staffing levels. As an example, there are periods every year where students take part in end-of-term parties. During such weekends, it is often difficult to get students to come to work. The planning system will not remind him of this: he needs to maintain separate notes on such considerations.

Most of the systems that Irma uses are developed and maintained by its parent COOP group. New developments and incremental improvements are ongoing. For the development of new IT systems, COOP usually establishes a project group that brings together relevant competencies from the different retail chains in the group. Currently, a new information portal is under development, which will replace the existing intranet. It will be structured around the different product areas and each of the retail chains will be able to add their own information. Jannie Olsen has been involved in some of the IT development projects with the COOP group. These include a new shelf signage management system and a web based assortment system.

In terms of future developments, Jørn Larsen is aware that Metro is already using POS systems that allow customers to scan their products through the check-out themselves. He foresees a future where all packaging will have a radio-frequency identification (RFID) chip incorporated into it, so automating payment and leading to a minimisation of theft. For Irma, this scenario may become a reality in 10–15 years' time, when the technology has matured. Speculating on the implications of these technological advances, Jørn Larsen suggests: 'The provision of services in the shops will become even more important. Our staff will spend more time advising and guiding customers. There will be more product information available using different electronic media. We are already experimenting in one or two shops with a customer service assistant and his/her sole role is to help and service the customers in their shopping experience. Already, we can conclude that this is a great success and in the coming years, in shops of certain sizes, we will introduce more personnel with this particular role'.

Interviewees and sources

Flemming Andersen, personnel manager

Charlotte Moe Petersen, administrative assistant

Jannie Olsen, administrative assistant

Jørn Larsen, store manager

Company website <http://www.irma.dk>

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