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Marriage of convenience

Special report: CP All matches students with 7-Eleven jobs to ease crunch

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Given the record of the past years, it is certain that the hunger for expansion of the country's retail business will carry on in the future with more intense competition waiting around the corner. Above all, the convenience store sector has continuously welcomed new rivals and extracted massive investment from existing key players each year.



Suraphan: Balanced scorecard a key tool

According to one retail expert, in 2013 the convenience store sector grew by 8-10%, down from 18-22% growth a year earlier, mainly due to weaker consumer purchasing power. This year the ongoing political impasse has dampened consumer confidence and spending. But based on a study by Kasikorn Research Center, sales from overall retail business are forecast to grow by 3-5% this year, up from 2.8% in 2013.

At the end of last year, convenience stores numbered 12,000 nationwide. Of the total, 62% or 7,450 stores were 7-Eleven stores run by CP All, the biggest player in the industry, while the rest were outlets of FamilyMart by Central FamilyMart Ltd, Mini Big C by Big C Supercenter and Lawson 108 by Saha Pathanapibul Plc and Lawson of Japan.

The retail giant Tesco Lotus recently joined the chorus by introducing its first convenience store in Bangkok, called 365, with a plan to open five stores by year-end.

The market still has ample room to grow as more and more people adopt hurried lifestyles. The popularity of ready-to-eat meals on easy-to-fetch shelves continues to draw customers.

Another virtue is that convenience stores require a smaller space to operate, typically 80-200 square metres, compared with other retail types. The difficulty in finding good commercial locations and spaces these days makes the convenience store segment more attractive and an easier fit in local communities nationwide.

The boom in convenience stores means greater manpower is required. Yet, given the existing labour shortage in the country, this huge demand may not be easily filled.

So what about top player CP All? How has it handled personnel demand while opening 500-550 7-Eleven stores each year? What are the strategies it has employed to recruit, manage and retain a 130,000-strong countrywide workforce? Last year's acquisition of cash-and-carry giant Siam Makro brought CP All's scale of operations to a still-higher level.

The secret lies in strategies and tools such as a proactive recruitment scheme, long-term human resource management and development (HRM and HRD) and a prudent succession plan. Furthermore, the opening of the Panyapiwat Institute of Management (PIM) has played a vital role in delivering much-needed manpower.

At 7-Eleven

CP All aims to open 600 more 7-Eleven stores this year, bringing the total to 8,100. Of those, about half are company-owned and half are franchised. Some 45% of the stores are in Bangkok and nearby provinces, while 55% are in other provinces. On average, 10 million customers visit a 7-Eleven each day.

CP All counts 50,000 people working for the holding company, plus 80,000 working at 7-Eleven stores.

"This is huge, but we can now fulfil 90% of our demand," says Suraphan Pussadej, CP All's assistant chief executive for human resources. He credits the use of balanced scorecard, one of the HRM tools, as an essential tool to help manage the company's people.

With the use of balanced scorecard, the company can foresee the direction in which it is heading and forecast manpower needs. The scorecard also measures performance and creates employee engagement.

"With this tool, we know exactly how many people we will need in the near term and for which units," Mr Suraphan explains.

"That enables us to plan ahead about where we will get these people from. Meanwhile, our strong brand attracts people to apply for jobs."

The company's proactive recruitment method has worked well. Recruiting staff normally spend a lot of time and even live in local communities targeted for new stores in order to network with people — getting to know those potential employees.

"Having a good connection with the staff of local administrative organisations also helps a lot," Mr Suraphan says.



Sompop: Alliances with key companies

Retaining staff



Recruiting staff is one thing; retaining staff is another. Both are equally important. At one 7-Eleven store, 12-15 employees (full- and part-time staff) are required, depending on store size and customer volume. The team comprises one store manager, three assistants and eight or more cashiers and general staff.

Training staff is costly, so the ability to retain them is essential. In the past, monthly turnover stood at 10-12%. Today the rate is down to 6%.

One practical step is to employ workers living close to the store, cutting travel time and expenses while letting them stay close to their families.

A good pay scale and transparent career path are also keys. According to Mr Suraphan, 7-Eleven's pay and benefits are competitive when compared with other key players in the retail sector.

"Our career path is clear. Within three to four years the staff at the store can become an assistant store manager, and within two years after that he or she can become a manager. Next step is district manager, department manager and field consultant. In the long run, he or she can even become a general manager."

Building talents

CP All founded PIM, a corporate university, in 2007 to ensure the sustainability of its human resources.

Today PIM offers education from the vocational to the doctorate level with an enrolment of 9,000 students. Courses are offered in business administration, engineering, logistics and more. The latest faculties include aviation and hotel and tourism management.

Students in the modern trade management faculty, the highest-demand course, are regularly sent to 7-Eleven stores for on-the-job training with pay. The course guarantees a job after graduation. Scholarships are also granted.

"For this course, students spend two years in the class and another two years in the stores," says PIM president Sompob Manarungsan. "They get paid while working and we also grant scholarships for 50%, 70% and 100% of total tuition fees. Normally the four-year bachelor course costs about 200,000 baht. The scholarships really open up opportunities for those underprivileged students."

The university has forged alliances with logistics, retail and IT companies to produce graduates qualified for specific businesses and tasks.

Mr Sompob says PIM has eased the labour shortage problem in the retail sector, particularly at 7-Eleven stores.

"Thailand has had a serious labour shortage and the retail sector requires a large-scale workforce. PIM aims not only to solve this shortage problem but also build talents and leaders."

The official campus is at Amata Nakorn in Chon Buri province. Additionally there are 10 learning centres in Bangkok and adjacent provinces, as well as others in the North, Northeast and South.

A new trend

According to Vilaiporn Taweelappontong, a partner at PwC Consulting (Thailand) Ltd, more and more companies are setting up learning and training centres, often called academies or universities, to educate and train potential employees and alleviate labour shortages.

"This is a current trend, as most companies and organisations are in serious need of qualified staff to fill specific demands at their businesses," says Ms Vilaiporn. "They can't really rely on the outside, so now they have to internally produce those talents themselves."

"Thailand's retail sector is unique because Thais possess a different behaviour and demographic. So the sector has a large number of talents to fill."