

Model Example for Ultimate Delegation of Authority

The Don Quijote Akita store was opened in September 2009 through the renovation of a former Nagasakiya location. At 35.6%,*1 the ratio of the population above 65 in Akita Prefecture greatly exceeds the national average of 27.7%. Moreover, the population of Akita City has continued to fall since peaking at 333,000 in 2005, dropping to 308,000 in 2018.*2 The depopulation trend accompanying population aging and decline is expected to continue going forward.

Regardless of this challenging business area, sales at the Akita store have been showing ongoing growth. Examining the reasons for this growth provides hints at the strength of the ultimate delegation of authority.

*1 Source: Annual Report on the Ageing Society: 2018, Cabinet Office
*2 Source: Information and Statistics Section, Akita City

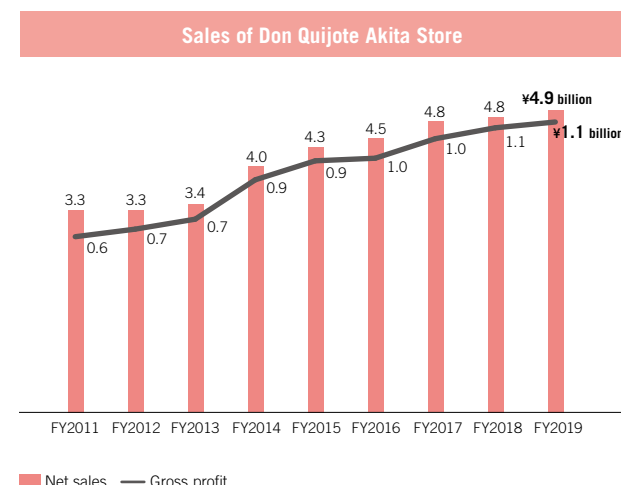


Don Quijote Akita store serving as a model example for the delegation of authority

“Genryu Management” as Source of Startling Growth

The Don Quijote Akita store is large, with a directly operated floor space of nearly 8,000 m². Sales at this store have continued to grow since the fiscal year ended June 30, 2012, when sales totaled ¥3,335.1 million. In fact, sales of ¥4,993.4 million were achieved in the fiscal year ended June 30, 2019. One possible reason for this startling growth may be *Genryu*.

Yoichi Kozai, presently a regional manager at UD Retail Co., Ltd., became deputy store manager of the Akita store in 2011, later serving as its store manager over the period from 2013 to 2015. He was involved in the conversion of this store and is thus well versed in its inner workings. We reached out to Kozai for an analysis of the reasons for this store’s success at the time.



Three Reasons for Success Recounted by Store Manager at Time of Conversion

From the view of the head office, the Don Quijote Akita store is an isolated store in a remote location. This made it difficult for the head office to guide improvements or issue instructions, but at the same time, the store was more conducive to operation based on an individual-store emphasis.

I played the role of liaison between head office representatives and mates and created frameworks that made it possible to share product information at any time. I then assigned the mates who were previously allocated by the merchandise division to pinpoint targeted positions throughout divisions and Group organizations. These mates were entrusted with responsibility for everything from product displays to selling prices and other numerical factors. Matters that were decided by a merchandise division representative under conventional store operation approaches were entrusted to mates, making for a very focused yet extensive delegation of authority that empowered mates with the feeling of starting up their own business.

Furthermore, I sought to link compensation to results. Six months after assuming the position of store manager, I started by appointing independent mate chiefs at the level at which employees were assigned responsibility for specific tasks and by raising their hourly wages. By setting clear targets and compensation, I was able to contribute to motivation while also encouraging autonomy and fostering a sense of responsibility for shop floors, products, and performance figures. This change thus created a virtuous cycle that also led to improvements in conservative measures and inventory management.



Yoichi Kozai
Manager, Fourth Regional Block Sales Department
UD Retail Co., Ltd.
(Current position)

Comments from Veteran Mates Working since before Conversion



Mami Daimon
Shoes

Back when the store was a Nagasakiya store, we would receive shipments of products from the head office and arrange shop floors based on instructions therefrom. As such, the days after the conversion to a Don Quijote store were filled with confusion. However, as we did our best to adopt the Don Quijote work style, the shop floor increasingly came to feel like “our store” as opposed to “our workplace.” I am in charge of shoes. The Don Quijote work style enabled me to make decisions on my own, for example, by replacing sandals with other items in product displays on cold days. This change also raised our motivation as we knew that by exercising responsibility and working hard, our pay may go up.



Shop floor arranged based on policy of selling every last pair



Uiko Kaneko
Cosmetics

One of the major changes from the conversion is the joy that I am now able to find in negotiations with business partners (suppliers). I am personally able to ask for discounts in order to offer products at the selling price I desire. I greatly enjoy seeing the purchases of those products. Not only that, I am also able to get information from business partners, which has changed how I view shop floors. I still remember when former store manager Kozai told me that this shop floor was mine, and that I could do with it what I please. Those words lifted a great weight off my shoulders.



Organic shop floor differentiating the store from its competition

Reasons for Success of Don Quijote Akita Store and Lessons to Be Learned

The reasons why the Don Quijote Akita store was able to achieve such impressive growth include the environment that lent itself to an individual-store emphasis, the focused yet extensive delegation of authority, and the linkage of results and compensation. The individual-store emphasis took root due to the delegation of authority, evolving mates into well-rounded business people. In fact, several mates were awoken to a new propensity for business after being entrusted with responsibilities.

It is said that then store manager Kozai requested that, should a mate find the time to help another shop floor in the

same merchandise division, they refrain from doing so and use that time to improve their own shop floor instead. Viewing one’s shop floor as their own store is the fundamental essence of management on an individual-store basis. Delegation of authority is imperative to the cultivation of emphasis on individual stores.

The Akita store is not blessed with a particularly prosperous business area, but it has still been able to establish a solid presence for itself. This is because of exceptional management on an individual-store basis supported by the ultimate delegation of authority.

Three Reasons behind Growth of Don Quijote Akita store

Environment lending itself to individual-store emphasis

Focused yet extensive delegation of authority

Linkage of results and compensation