

A Case study of Choppies, Food Chain retailer, Botswana, Southern Africa

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Case summary: *Food retail is a prominent industry in any part of the world since it caters to the community in a big way by providing essential food materials alongwith fresh farm produce. In this connection, it is important that a retailer who is involved in this type of an enterprise is sharp enough to understand the price variations as also the availability of the food materials. Decisions are thus an important aspect of this type of a market player and being in a developing market like Botswana, Choppies a leading player in the market is chosen for this study. This enterprise is a corporate body and is operating with over 109 stores around the region (Botswana, South Africa and Zimbabwe) and has been the most successful food retail chain this part of the world. It was interesting to study their strategies that had developed a single store in 1992 to grow to 109 as of today. The study comprised of understanding their strategies related the enterprise planning, involvement of employees in strategic thinking, perceptions about the store(s) by customers and a short study of the authentic leadership style of middle and top managers. The study revealed though having a small beginning, yet today the store has emerged as one of the leading food retail chain and the positive growth not only in the country but also in the region. This study can provide ample scope for a class room teaching in the master's programme in management.*

Objectives of the study:

- To understand their strategic planning initiatives
- To analyze their financial performance
- To measure the customer satisfaction of the store presence/ambience

Strategy and Leadership- looking back

According to Paul Schoemaker and Steve Krupp, a strategic leadership in organization is led by certain traits that are listed as follows:

- Anticipate- a strategy that is being designed shall anticipate the 'pros and cons' of actions which will take the organization to its determined vision and mission
- Challenge- it is not easy that in the given business and economic conditions things would be favourable at all times and it is a challenge that one has to face in order to turn around the business/commercial activity
- Interpret- understanding the different genres that could encircle the organization is another level of strategy formation
- Decide- it is ever important that a leader has to decide taking into account the various alternatives that are in place such that the facilities are optimized to get the best results.
- Align- involving people and taking them along becomes one of the most important activities of leadership that looks for a positive growth
- Learn- nothing is same in this modern business world and one has to keep learning the new information that flows through all the channels.

While integration of these ideas form the basis of active leadership with reference to strategic decision making, one is not thus taken by surprise of the dynamic nature that is desired in the growth and success of the organization.

Methodology:

The CEO was personally met with a questionnaire of 50 questions based on strategic futures inputs and also a comparative of Rogers' 'Play to win- How strategy really works' and the details were analyzed to understand the 'strategic decision making'. 100 customers were also met with a questionnaire detailing the various aspects of store satisfaction ranging from parking space to reliability in pricing and knowledge of employees. We also analyzed the financial performance of the company for the past 4 years based on their published Financial Statements. Their performance has been satisfactory despite the fact that they had a low margin of profits in their line of business.

Findings:

Story of Choppies:

Who and what are they?

- A supermarket-grocery retail chain operating out of Gaborone, Botswana
- Managed by Board of Directors and overseen by CEO Mr. Ramachandran Ottapathu
- Branches in Botswana, South Africa and Zimbabwe- 125 stores as of today
- It has been voted for the best 'entrepreneurial venture' in Africa this year.

They are:

- Charismatic
- Human oriented
- Organized
- Prompt service
- People supported
- Integrated growth
- Efficient Management
- Success all the way

Strategic Leadership in Choppies:

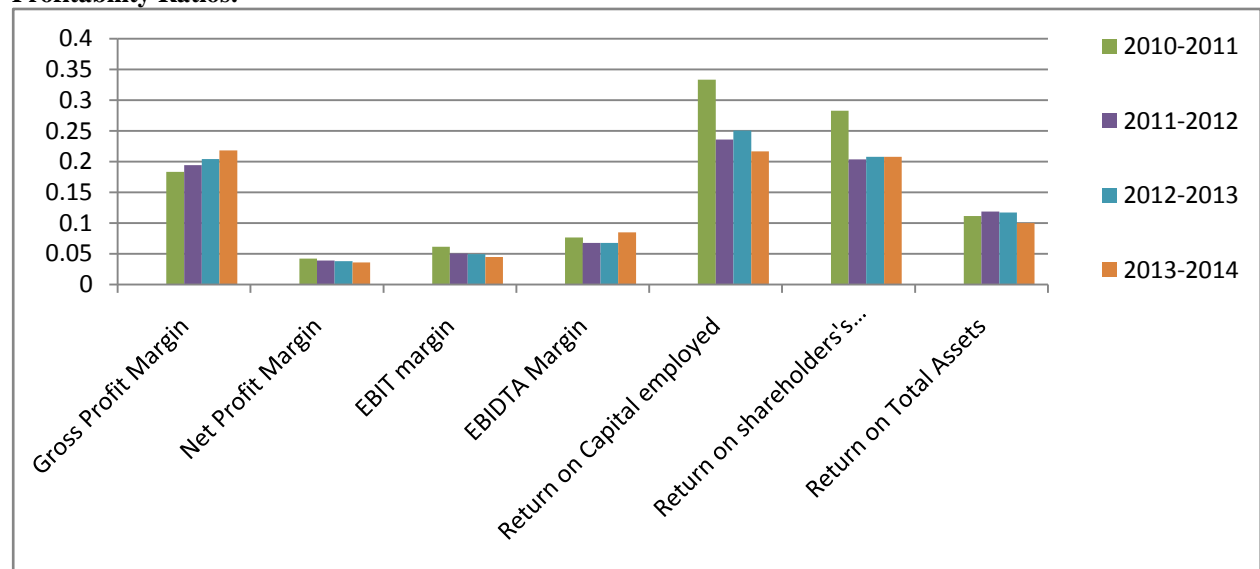
- CEO met with 50 questions ranging from their involvement to employees engagement in strategic thinking processes
- Observed that over 46 areas are extremely complied with and remaining 4 areas seriously looking for implementation(Goal setting, competitor analysis, review of mission and vision periodically, Engagement of employees in strategic thinking)

Financial results:

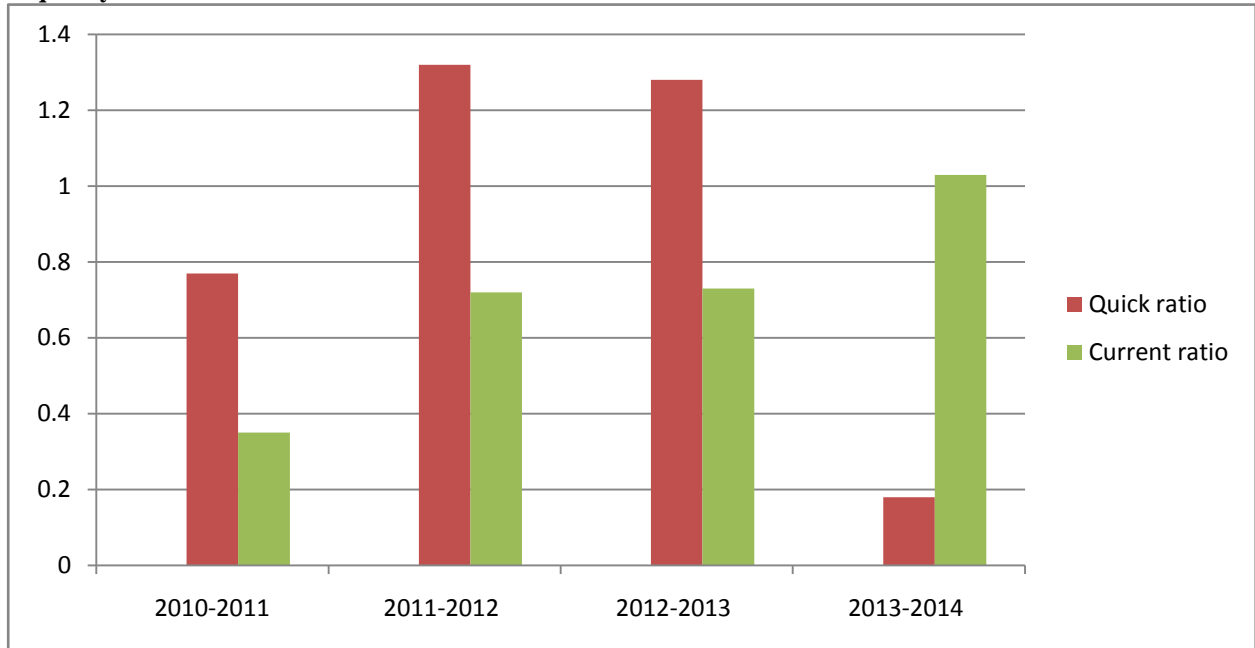
Choppies Financialperformance are analyzed bystudying their past financial reports

- The following ratios are ideal to know the financial performance. They are:
- 1.Profitability ratios
- 2.Liquidity ratios
- 3.Efficiency Ratios
- 4. Total growth and Revenue Ratios.

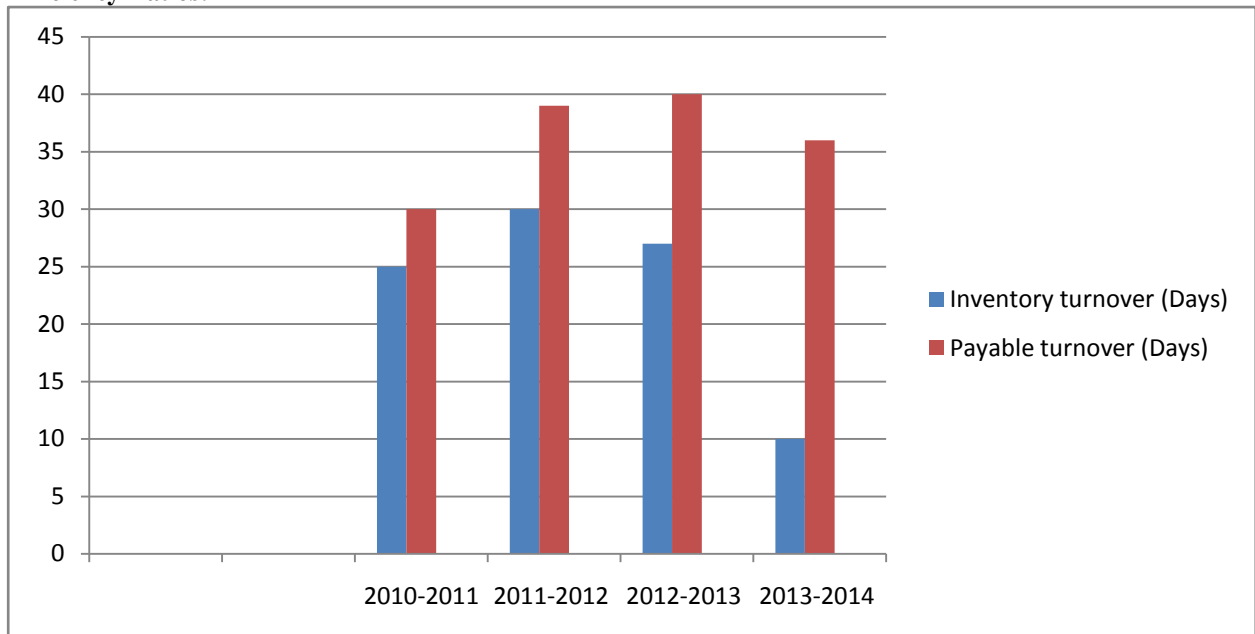
Profitability Ratios:



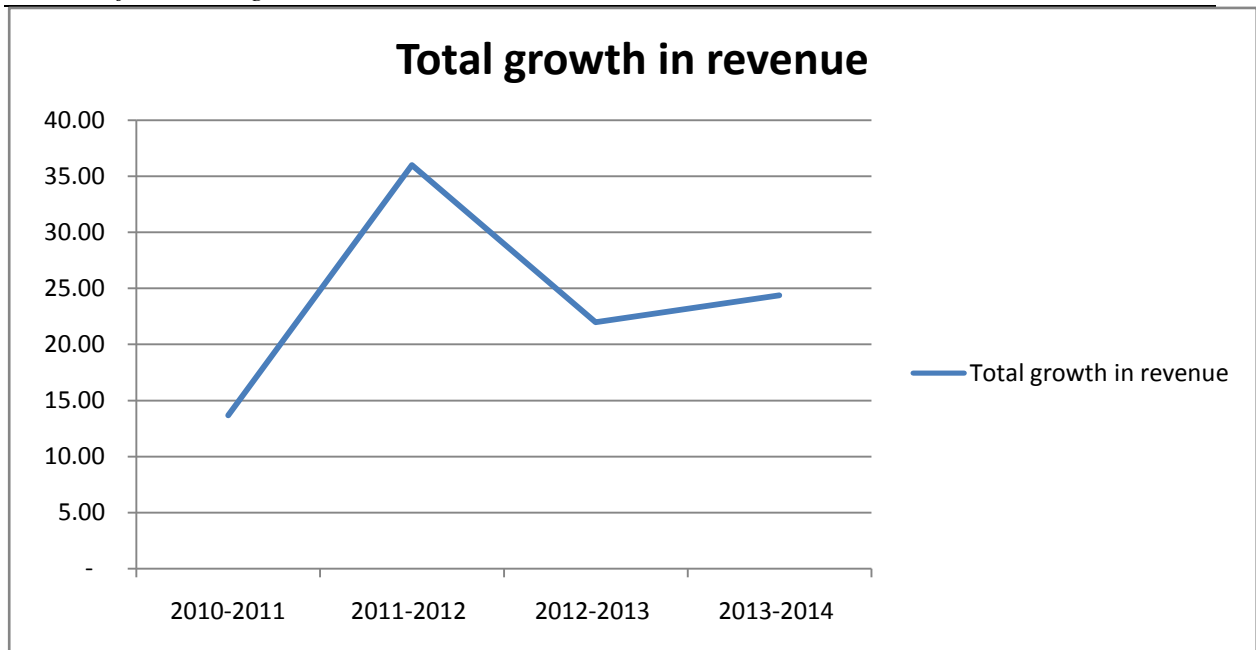
Liquidity Ratios:



Efficiency Ratios:



Total Growth in Revenue:



Marketing Review:

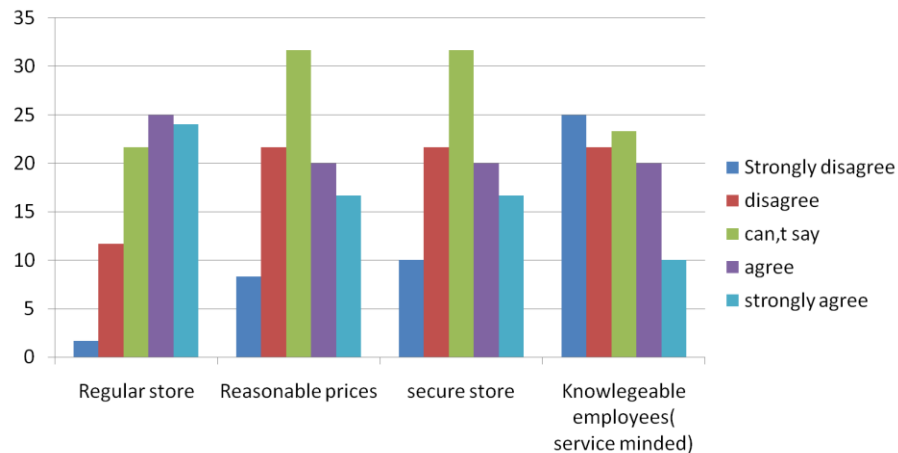
Market acceptance by customers:

Learning and take away:

Overall, we learnt how a

- A retail chain makes strategic decisions in respect of organizing the various activities of the stores
- Their decisions in respect of store expansion plans
- The role of top management with respect to planning and execution
- The Financial management of the company
- The Talent management of the company

Price variations and Market acceptance:



Conclusion:

This case presents a clear situation as to how despite low margin of profits, yet the organization can flourish to become a leader in its own making and thus prove that principles of strategic management can be applied even in retail chains where people are more served. Lesson note is prepared accordingly for teaching in the MBA/BSc (Hons) in Business Management programme of the University

Keywords: food retail, price variations, strategic decision

Take away from the study

- Internship for our students
- Joint projects with Choppies
- Business visits by CEO to deliver lectures to students and Faculty Brand Building with the University

Analysis:

The study is significant that has brought the various aspects of management involvement in providing appropriate leadership and thus bringing into effect growth, employment and revenue generation to the national exchequer

Conclusion:

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Reference:

Schoemaker Paul and Krupp- Managing yourself- Strategic Leadership skills- Harvard Business Review Jan – Feb 2013

Teaching Note for the case:

Case Overview:

The case relates to the effective leadership in an organization that could be successfully working in a competitive and low margin in profits and yet being in a position to be expanding in a big way. This case thus becomes relevant for a student in management as to how the an organization adopting principles of strategic decision making can become dynamic in the environment it operates in

Choppies is a food retail chain operating out of Botswana and with practice of modern management principles especially in strategic areas, has become a house hold name not only in this country but also in the region with expansion in Zimbabwe and South Africa. The case analyses the various dynamics in business and the market acceptance of the stores

Teaching Objectives:

The main objectives of teaching this case study are to

- To understand their strategic planning initiatives
- To analyze their financial performance
- To measure the customer satisfaction of the store presence/ambience

Case Analysis:

The case is analyzed taking into account discussions and personal meeting with the CEO of the stores and understanding the various strategic areas that as organization they have been following and discussing the areas where they could improve in order to better align the theory with practice. The financial results are also suggestive to indicate despite low margin they have been able to grow with the leadership taking the risks that are evolved in course of the activities. They have been able to develop because of the turnover of food articles and materials that are required for common consumption. The market acceptance is also analyzed with dynamic situations and the same is conveyed to the management for proper implementation. Finally the case stresses the importance of long standing such that the organization can grow further in the region with their winning the 'best entrepreneurial venture' in the continent.

Questions that arise on account of this study:

- How is leadership associated with strategies?"
- What is the impact of Choppies in the Food retail market?
- Despite low margin the store is growing. Identify the reasons for the same
- What are the suggestions that can be offered/given to the stores for better store management customer satisfaction?

Teaching Plan: (for a one hour lecture)

Introduction of the topic: Leadership and strategy 15 minutes

Explanation of the store and its activities: 30 minutes

Summary: 5 minutes

Questions for review as assignment" 10 minutes