**Transforming Growth for an Organic Retail Store: Enhancing Profitability and Sales**

**A Proposal report for the BDM capstone Project**

Submitted by



IITM Online BS Degree Program,

Indian Institute of Technology, Madras, Chennai

Tamil Nadu, India, 600036

**Contents**

[1 Executive Summary 3](#_heading=h.gjdgxs)

[2 Organization Background 3](#_heading=h.30j0zll)

[3 Problem Statement 4](#_heading=h.1fob9te)

[3.1 Problem statement 1 4](#_heading=h.3znysh7)

[3.2 Problem statement 2 4](#_heading=h.2et92p0)

[3.3 Problem statement 3 4](#_heading=h.tyjcwt)

[4 Background of the Problem 4](#_heading=h.3dy6vkm)

[5 Problem Solving Approach 5](#_heading=h.1t3h5sf)

[6 Expected Timeline 5](#_heading=h.4d34og8)

[6.1 Work Breakdown Structure: 5](#_heading=)

[6.2 Gantt chart 6](#_heading=)

[7 Expected Outcome 6](#_heading=h.2s8eyo1)

**Declaration Statement**

I am working on a Project titled **“Transforming Growth for an Organic Retail Store: Enhancing Profitability and Sales”**. I extend my appreciation to **Siragugal Iyarkai Angadi**, for providing the necessary resources that enabled me to conduct my project.

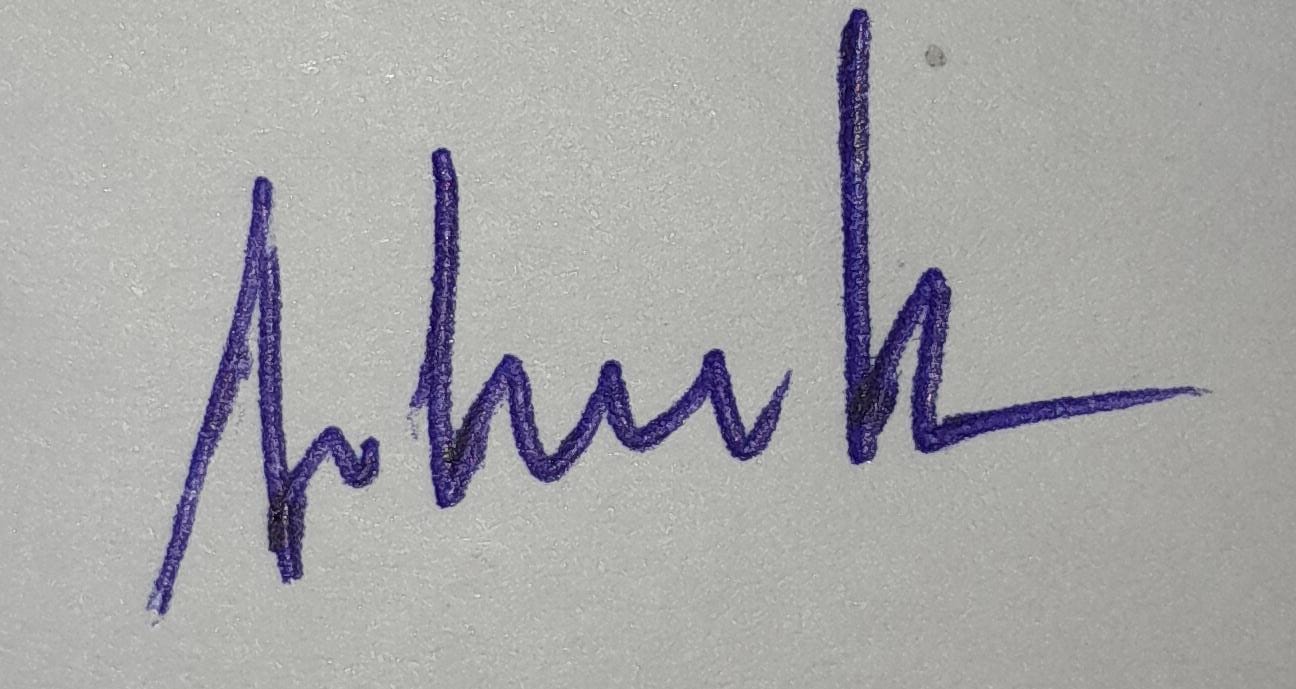
I hereby assert that the data presented and assessed in this project report is genuine and precise to the utmost extent of my knowledge and capabilities. The data has been gathered from primary sources and carefully analyzed to assure its reliability.

Additionally, I affirm that all procedures employed for the purpose of data collection and analysis have been duly explained in this report. The outcomes and inferences derived from the data are an accurate depiction of the findings acquired through thorough analytical procedures.

I am dedicated to adhering to the principles of academic honesty and integrity, and I am receptive to any additional examination or validation of the data contained in this project report.

I understand that the execution of this project is intended for individual completion and is not to be undertaken collectively. I thus affirm that I am not engaged in any form of collaboration with other individuals, and that all the work undertaken has been solely conducted by me. In the event that plagiarism is detected in the report at any stage of the project's completion, I am fully aware and prepared to accept disciplinary measures imposed by the relevant authority.

I understand that all recommendations made in this project report are within the context of the academic project taken up towards course fulfillment in the BS Degree Program offered by IIT Madras. The institution does not endorse any of the claims or comments.



Signature of Candidate:

Name: Ashwanth V

Date: 04-08-2024

# Executive Summary

This project focuses on revitalizing *Siragugal Iyarkai Angadi*, a small, family-run organic retail store in Chennai, managed by Mr. Saravanan and his spouse. Despite the challenges brought on by the COVID-19 pandemic, including the closure of its physical location, the store has maintained a loyal customer base through word-of-mouth within the community. However, the business faces several obstacles, such as limited capital, a lack of new customers, and the absence of sale or return (SOR) options, which have hindered growth.

The project aims to overcome these challenges by implementing data-driven strategies to improve inventory management, attract new customers, and optimize operational efficiency. Key actions include digitizing existing sales data, conducting customer surveys to understand buying patterns and preferences, and performing competitive analysis to identify successful products and strategies from similar stores. Additionally, a thorough review of the store's cost structure will help identify areas where expenses can be reduced, further improving profit margins.

By addressing these issues, the project seeks to not only stabilize the current business but also pave the way for future expansion, helping Mr. Saravanan realize his vision of serving more customers and eventually expanding the business to his hometown.

# Organization Background

*Siragugal Iyarkai Angadi* is a small, family-run organic retail store in Chennai, managed by Mr. Saravanan and his spouse. Established just before the COVID-19 pandemic, the store quickly faced unexpected challenges, including the closure of its physical location. Despite these obstacles, the business has maintained a loyal customer base, largely built through word-of-mouth within the community. However, attracting new customers has proven difficult, and the uncertainty of the current situation has made Mr. Saravanan reluctant to invest more capital into the business.

The store specializes in popular organic products such as cold-pressed oil (Chekku ennai), jaggery sugar (nattu sakkarai), organic rice, and dry nuts, which are well-received by the community. Mr. Saravanan is deeply passionate about providing these quality organic products and dreams of expanding the business to serve more consumers. His long-term vision includes setting up additional outlets in his hometown, managed by his relatives. Inspired by his commitment and vision, I am eager to support him in achieving this dream and helping *Siragugal Iyarkai Angadi* thrive.

# Problem Statement

## **Problem statement 1:** The need for better stock planning to avoid losses due to unsold inventory. This involves analyzing buying patterns to optimize inventory management and reduce waste.

## **Problem statement 2:** Understanding what attracts new customers to an organic store and identifying factors that encourage them to give the store a try. This is crucial for new customer acquisition and expanding the customer base.

## **Problem statement 3:** Identifying other areas, such as repackaging and delivery, where costs can be reduced to increase the profit margin. This will involve analyzing operational processes to find efficiencies and cost-saving opportunities.

# Background of the Problem

As an organic store, Siragugal Iyarkai Angadi deals with products that have a shorter shelf life. The **absence of a Sale or Return (SOR)** option adds to the uncertainty, making Mr. Saravanan **hesitant to invest additional capital.** This situation often leads to unplanned inventory management, causing out-of-stock situations when existing or potential new customers request products. Such instances can leave a negative impression on customers and may be contributing to the difficulty in attracting new customers.

Additionally, Mr. Saravanan personally handles **deliveries** for each order, which, while ensuring customer satisfaction, also adds to the **overhead costs** and **reduces profit margins.** This operational approach, along with **internal challenges** like a lack of data-driven planning and reliance on intuition rather than market analysis, has kept the business within a comfort zone, primarily serving a small group of 120 regular customers.

**Externally,** the competitive market and the challenges of managing perishable products without the safety net of SOR agreements further complicate the store’s ability to grow and attract new customers. The need to better understand customer preferences and adapt to the market is critical for overcoming these challenges.

# Problem Solving Approach

Currently, Siragugal Iyarkai Angadi does not maintain electronic records; all data is stored in bills and diaries. The first step is to **extract and digitize this sales data**. If the existing data is insufficient, new data should be collected each time a customer places an order. Additionally, **detailed information regarding each product**—such as shelf life, profit margin, and turnover rate—should be gathered. With this data, a stock plan can be developed that prioritizes high-margin products and minimizes losses. The goal is to create a dynamic inventory management system that allows the business to **plan stock acquisitions more effectively** before purchasing from wholesalers or producers.

To **gain insights into customer buying patterns** and preferences, a **customer survey** can be designed to understand what attracts buyers to an organic store. The feedback from this survey will guide the store in adding products that meet customer expectations and allow us to upsell products to existing customers and attract new ones. Additionally, conducting a **competitive analysis** will provide valuable insights into **what products are successful in similar stores.** This information can help the store refine its product offerings to better compete in the market.

Engaging with **existing customers** through **surveys** will also provide feedback on their satisfaction and the store’s unique strengths. This information will be crucial for both customer retention and for refining the store’s approach to new customer acquisition by emphasizing its strengths.

A thorough **analysis of the store's operations and cost structure** is also necessary. By identifying areas where costs can be reduced, the business can streamline its processes and improve profit margins. This will involve working closely with Mr. Saravanan to understand the costs incurred in various aspects of the business, from purchasing to delivery. Implementing cost-cutting measures should be followed by collecting and comparing data on costs before and after these changes to evaluate their effectiveness. Simultaneously, customer feedback should be gathered to ensure that these operational changes do not negatively impact customer satisfaction.

In summary, the approach to solving the store’s problems involves **collecting primary data** to address i**nventory management and cost reduction** ([3.1](#_heading=h.3znysh7)), **conducting surveys and competitive analysis** to understand and meet customer expectations([3.2](#_heading=h.2et92p0)), and using these insights to **refine the store’s operations** and offerings ([3.3](#_heading=h.tyjcwt)).

# Expected Timeline

## Work Breakdown Structure:

Level 1:

* + 1. Create a survey for existing and general buyers.
    2. Digitize the existing data.
    3. Collect more data if required.
    4. Competitor research.

Level 2:

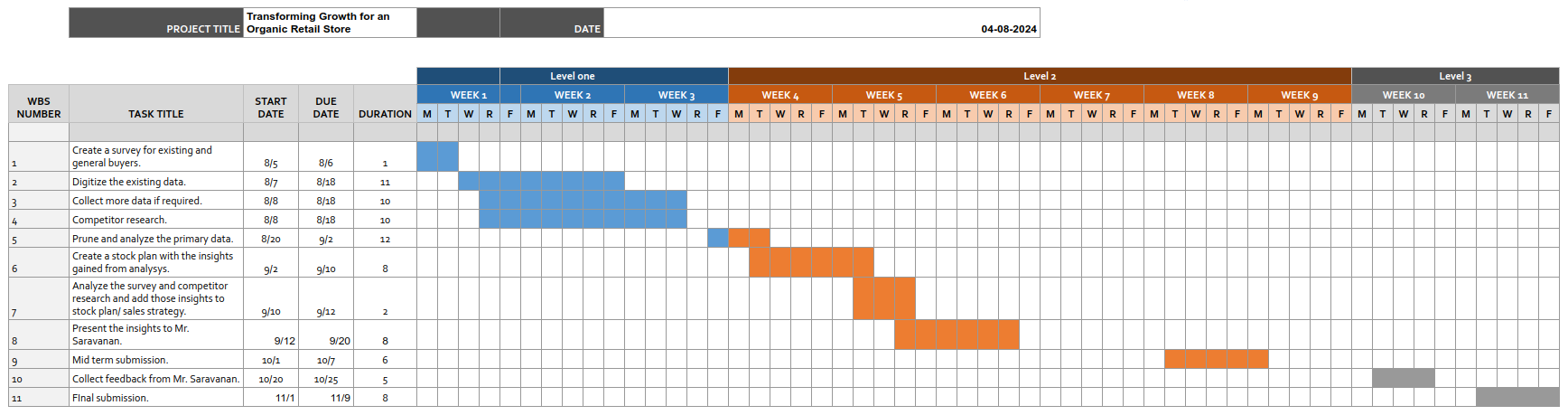
* + 1. Prune and analyze the primary data.
    2. Create a stock plan with the insights gained from analysys.
    3. Analyze the survey and competitor research and add those insights to stock plan/ sales strategy.
    4. Present the insights to Mr. Saravanan, get his views about this. Closely work with him while he implements this. Understand the operations and come up with suggestions.
    5. Mid term submission.

Level 3:

* + 1. Collect feedback from Mr. Saravanan.
    2. FInal submission.

## Gantt chart

Total time of 11-12 weeks may be taken.



*Figure 1 Expected timeline for completion of project.*

# Expected Outcome

By implementing data-driven inventory planning, the store will **reduce instances of stockouts and overstocking.** This will lead to more efficient stock turnover, minimizing waste due to unsold products and **increasing overall profitability.**

Through **understanding** and addressing **what attracts new customers** to an organic store, the business can serve a broader audience. This is expected to result in an expanded customer base, with more frequent purchases from both new and existing customers.

**Identifying cost-saving opportunities** in areas such as repackaging and delivery will allow the business to reduce operational expenses. Streamlining these processes will improve the profit margins, enabling the store to reinvest in growth initiatives.

By improving sales and demonstrating strong business performance, Mr. Saravanan will be in a better position to secure a loan to reopen the physical store. Streamlining operations will also bring him closer to fulfilling his dream of expanding the business to his hometown.