ASSIGNMENT

1. Executive Summary:

Our comprehensive analysis of the 10-shop grocery chain reveals a **net profit of ₹10.01 lakhs annually**, but significant untapped potential exists. While 7 shops (SP_01, SP_02, SP_04, SP_05, SP_07, SP_08, SP_09) generate **₹34.98 lakhs in profits**, 3 underperforming shops (SP_03, SP_06, SP_10) incur **₹24.97 lakhs in losses**. The system could achieve ₹35+ lakhs in annual profits if loss-making shops are optimized.

Key metrics:

- Total System Revenue: ₹6.24 crores
- Overall Waste Rate: 10.74% (64,429 packets annually)
- Sales Efficiency: 89.26%
- Potential Profit Recovery: ₹24.97 lakhs

2. Aim:

To transform underperforming grocery shops into profitable ventures through data-driven insights, operational improvements, and strategic interventions, while maintaining the success of profitable locations.

3. Methodology:

- **1,500 transactions** across 3 seasons (Summer, Monsoon, Winter).
- **50 product categories** with detailed cost and pricing analysis.
- **10 shop locations** with varying performance levels.
- **600,000 packets** total inventory movement annually.

4. Key Findings:

a. Performance Classification -

Profitable Shops (7 locations):

- SP_04 (Mrityunjay Market): ₹6.51L profit, 2.82% waste.
- SP_01 (Bag bazar): ₹6.17L profit, 3.40% waste.
- SP_02 (Rabindra Nagar): ₹5.63L profit, 4.79% waste.
- SP_05 (Ferry Ghat): ₹5.54L profit, 5.61% waste.
- SP_08 (Bandel Annapurna): ₹5.40L profit, 4.72% waste.
- SP_07 (Mallick Kasem): ₹3.28L profit, 7.15% waste.
- SP_09 (Gotu Bazar): ₹2.44L profit, 11.19% waste.

Loss-Making Shops (3 locations):

- SP_06 (Sibtala Market): ₹10.49L loss, 25.35% waste.
- SP_10 (Champdani): ₹8.06L loss, 20.14% waste.
- SP_03 (Taldanga Municipal): ₹6.42L loss, 20.61% waste.

b. Seasonal Performance Analysis Revenue-

Monsoon Season (Most Profitable):

- Revenue: ₹209.25L, Profit: ₹4.65L
- Waste Rate: 10.27%
- Sales Efficiency: 89.73%

Summer Season (Moderate Profitable):

- Revenue: ₹208.0L, Profit: ₹3.39L
- Waste Rate: 10.86%
- Sales Efficiency: 89.14%

Winter Season (Least Profitable):

- Revenue: ₹206.56L, Profit: ₹1.96L
- Waste Rate: 11.09%
- Sales Efficiency: 88.91%

c. Product Performance Insights-

Best Performing Products:

- Shampoo: ₹4.58L system profit, 10.4% waste.
- Cadbury: ₹1.67L system profit, 10.1% waste.
- Tea Leaves: ₹0.95L system profit, 10.9% waste.

Worst Performing Products:

- Nuts: ₹1.07L system loss, 10.3% average waste.
- Daal: ₹0.73L system loss, 10.5% average waste.
- Butter: ₹0.51L system loss, 10.6% average waste.

5. Root Cause Analysis:

Primary Issues in Loss-making shops:

a. Waste Management Crisis-

- Loss shops average 22.03% waste vs 5.67% for profitable shops.
- 16.36 percentage point difference represents core operational failure.

b. Location Specific Challenges-

SP_06 (Sibtala Market):

- Highest annual loss: ₹10.49L
- Extreme waste rate: 25.35%
- Worst in Monsoon season: ₹4.01L loss
- Poor management classification

SP_10 (Champdani):

- Annual loss: ₹8.06L
- Summer disaster: ₹3.93L loss (29.6% waste)
- Location disadvantage: Outside main Chandannagar area

SP_03 (Taldanga Municipal):

- Annual loss: ₹6.42L
- Winter catastrophe: ₹3.41L loss (26.6% waste)
- Municipal market challenges

6. Strategic 1 month Action Plan:

- **Priority Inventory Audit:** Conduct a full inventory analysis across all loss-making shops to pinpoint immediate sources of high waste and sales bottlenecks.
- **Order Rationalization:** Adjust order quantities for slow-moving and high-waste products (Nuts, Daal, Butter, Apple), reducing bulk orders and initiating daily ordering for perishable items.
- **Fast-Moving Items Boost:** Shift shelf and promotional focus toward proven high-sale, low-waste items (Shampoo, Cadbury, Tea Leaves), ensuring optimal inventory allocation.
- **Technology Introduction:** Roll out digital daily sales and waste tracking for all shops. Begin use of real-time dashboards to identify sales trends and waste spikes.
- **Supplier Negotiations:** Establish or renegotiate return policies, especially for perishable and premium products.
- **Incentive Launch**: Introduce performance-based incentives tied to daily sales rate improvements and waste minimization for managers and frontline staff.
- **Baseline Training:** Initiate foundational training sessions for all staff on correct product handling, FIFO systems, and digital reporting tools.
- **Location Strategy:** Tailor interventions for SP_06, SP_10, and SP_03 by addressing specific local challenges through targeted marketing, optimizing product mix to local preferences, and improving foot traffic and accessibility incentives.

    Key Goals –
- Reduce waste in loss-making shops by at least 12-15%.
- Increase sales of fast-moving items by atleast 15%.
- Achieve 100% adoption of digital tracking tools.
- Complete baseline staff training (product handling, inventory basics).

7. Conclusion:

The comprehensive analysis of our 10-shop grocery chain reveals a business with strong fundamentals and proven profitability models, but significant execution gaps in 30% of the network. The data unequivocally demonstrates that our business model is viable and scalable, evidenced by 7 profitable locations generating substantial returns with waste rates averaging just 5.67%.