
RESEARCH

Lean Management Model in Retail Business The Case of Supermarkets in Hanoi

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Abstract: Vietnam has recently become an attractive and active destination for both foreign and domestic supermarket businesses. The foreign retailers play an important role in shaping the modern retail market in Vietnam and earning major market shares. This raises the question for our domestic retailers as how to gain more customers and operate more effectively. Several methods can help to achieve that aim, among which the Lean management method, focusing on eliminating wastes in operations to *best utilize the resources, improve the competitiveness and enhance the capability to serve customers*, has proved its success on a global scale. This paper aims at applying the *Lean management philosophy and mindset* to detect and resolve the typical wastes that are found in Vietnamese supermarket chains, which prevent their development and effectiveness. From practical observations at some supermarkets in Hanoi, quick customer survey results, and the information provided by some managers in retail business, we conclude that (1) *unclear business philosophy*, (2) *lack of understanding of the Lean philosophy* and (3) *underestimation of human capability* are the three main causes for the waste and ineffectiveness in operations. Finally, a model for the application of Lean management in domestic supermarket chains is proposed with lessons learned from a foreign retailer in Vietnam.

Keywords: Lean management, supermarket(s), Vietnamese enterprise(s).

1. Introduction

Currently, in Hanoi, there are several local Vietnamese supermarket brands including Fivimart, Saigon Co.opmart, Intimex and Hapromart, with about 60 supermarkets located in the city. The foreign contenders such as Metro,

Big C and Lotte Mart, although coming later with a fewer number of stores, have gradually occupied the market as the customers' first choice and account for 50 per cent of the market share [1]. With years of experience in the industry and with big investments, these companies have quickly attracted customers with a different and better shopping experience - higher product quality and variety, better customer services,

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and more attractive facilities and utilities. Meanwhile, most of the Vietnamese retail enterprises are slow in adapting to changes. As is the nature of the business, supermarkets at all scales provide lots of identical goods, therefore, how to attract customers is still a tough question for Vietnamese enterprises. With the increasing population's income as well as customer awareness, more choices force the competition to become stronger. Only by satisfying more and more the customers' demand and by operating more effectively, the companies in retail industry can stay profitable and grow. Competition is not only a threat but a challenge for our Vietnamese retailers for learning and cooperation opportunities, especially after the retail market has totally opened to foreign investors since 1/1/2015.

Beside the need for Government support, domestic enterprises also need to put every effort into continuous improvement to utilize advantages and priorities to enhance their management ability. Lean management is considered a very comprehensive and effective method to reduce wastes and better satisfy customers. The Lean philosophy and method that originated from Japan in the manufacturing industry has transferred its success to the service industry and, also into retail business. More Vietnamese enterprises are learning about Lean management, though the application is not as good as expected. In fact, the implementation of the Lean tools - for example - 5S, Kaizen, Visual Management... is not meaningful if the application is incoherent without modifications to suit the conditions of Vietnam. The failure or ineffectiveness in applying Lean management is also due to the lack of awareness that the *waste in mindset and method* are the root cause of other wastes in operations.

After mentioning the theoretical basis of Lean management in retail business, this research will provide practical evidence of the wastes in some Vietnamese supermarket chains in Hanoi. The discussion of this evidence will identify the main reasons for the wastes, followed by the proposal of a model for applying Lean management for Vietnamese supermarket chains based on some successful lessons of a foreigner retailer in Vietnam, called Company B.

2. Literature review

2.1. The Made in Vietnam Lean concept

Lean management is the philosophy of gaining profit or creating added values for a company by utilizing the employees' intellectual capacities to continuously improve the business process in order to minimize costs. The concept "Made in Vietnam Lean philosophy" is at the highest level of applying Lean management in an organization. It is about the awareness of values and wastes. To explain the concept "Made in Viet Nam Lean philosophy" (Nguyen Dang Minh, 2014), the author presents the formula below [2]:

$$(1) \textit{Profit} = \textit{Revenue} - \textit{Cost}$$

$$(2) \textit{Cost} = \textit{Real cost} + \textit{Wastes}$$

$$(3) \textit{Wastes} = \textit{Tangible wastes} + \textit{Intangible wastes}$$

Tangible wastes are easier to identify, in fact almost companies are conscious of saving electricity, water, paper, and materials... because they are related directly to expenses. However, intangible wastes cannot be seen or touched, such as waste of time or waste of human power. The intangible wastes actually cost more than tangible wastes, but are harder

to identify. To earn more profit, an enterprise can increase revenue or reduce costs. Revenue is a subjective element that depends on customers as the source. Also, business costs are surrounded by many constraints - labor wages, input materials... which are necessary and cannot be cut down too much in order to ensure normal and effective operations. Therefore, what should be eliminated is the waste. When eliminating wastes, each enterprise can save an amount of resources for the reproducible or social responsibilities. This amount can contribute to employees who demonstrate good practice in Lean management, with social welfare and social activities, and investment in technology to improve the quality of products and services.

Lean management provides the tools (5S, Kaizen, Visual management...) to help enterprises to identify the existing wastes in the business process and to gradually eliminate them in order to improve business performance. In service industries, particularly in retail businesses, Lean philosophy means serving the customers' needs and offering more than their expectations, as the starting point of Lean management. Therefore, enterprises should look at the product and service through their customers' eyes to clarify their needs.

2.2. Waste identification

During the business process, there exist three kinds of activities:

- Value-added activities: activities that transform, create, or provide products or services that satisfy the needs of customers.
- Non-value-added activities: activities that are not necessary for the transformation, creation of products or services, and/or customers do not value such activities.

- Necessary non-value-added activities: activities that are not valuable from the customers' viewpoint but necessary for the product or service creation. This can only be eliminated in the long-term perspective.

In brief, the most basic understanding of "waste" is the thing that costs time, materials, machines... without creating any added value for product or service. Customers are the ones who pay for and value the product or service; obviously they are not willing to spend money on non-value-added functions or features. Hence, it is very important to identify which factors will increase the value of products or services, and which factors do not play any role in value creation *from the viewpoint of customers*.

According to Taiichi Ohno (1988), there are seven main types of wastes in production: *over-production, inventory, transportation, queues, motion, over-processing* and *defect* [3]. Liker (2004) also pointed out three more kinds of wastes - *discrete knowledge, correction and human capability* [4]. Do Thi Dong (2014) conducted a survey of 39 enterprises in Vietnam in the manufacturing sector, the service sector, the public service and other industries [5]. Of the seven popular types of waste presented, most are *waste in labor, facility and time*.

2.3. The application model of lean management

With the experience of working in a Japanese company, the author Nguyen Dang Minh stated that the fifth component of 5S - Shitsuke should be translated into "Tâm thể" [6]. This management term means that the employees have a good attitude and self-discipline to the 5S practice, do it every day and turn it into habits. This is the most important activity which helps the employees realize the benefits of 5S for themselves, then improves

the consciousness of the voluntarily practice of 5S. 5S is considered the basis of Lean management and a basic activity creating the foundation for Kaizen and Visual management.

In the Lean management implementation model of enterprises proposed by Pascal Dennis (2007), there are three important elements [7]:

- The first element is *human resources*, which is located in the center. Applying Lean management does not only require professional knowledge about Lean management, but also the creative ability of all employees for a continuous improvement process.

- Two other factors are to build a suitable system of equipment and facilities. In the service industry, it means to build a standard service process in combination with equipment and facilities to ensure discontinuity operations and quickly react to any abnormal things happening in the process.

The author Nguyen Dang Minh proposed an application model for Vietnamese manufacturing Small and Medium Enterprises (SMEs) based on the main principles of: commitment from top managers, the participation of employees, and a combination of policies, rewards and training.

2.4. Lean management in the supermarket business

Frank Steeneken and Dave Ackley (2012) state that a supermarket is a business enterprise that provides a *service* [8]. A supermarket does not produce products that it sells but it adds value to products by a range of services, including acquiring products from suppliers, assembling them in the warehouses, displaying them on shelves and then creating a self-service space for customers to shop. In this way, we can see how a basic supermarket operates and creates value.

While the warehousing and the supply chain management topic have received significant concern in research about the supermarket business, few papers focus on improving the quality of operations and reducing wastes by utilizing the availability of human power in supermarkets. We all notice that supermarkets not only bring us a modern and convenient shopping styles but also create jobs for so many people. Carmen Jaca, Javier Santos, Ander Errasti and Elisabeth Viles (2012) conducted research with the aim of eliminating wastes in a supermarket by establishing improvement teams in the supermarket staff [9].

The first type of improvement team was called “Service improvement”, which included: (1) *Better understanding of the number of customers per pallet in traditional service*, (2) *Reduce movements during retrieval* and (3) *Improve pre-sale store service*. The second improvement team was responsible for “Order and cleanliness”, which included: (1) *Solving the problem of the accumulation of empty pallets*, (2) *Improving order in the aisles* and (3) *Improving the storage of machines*. Lastly, another team was in charge of “Quality and order”, including: (1) *Reducing broken products on shelves*, (2) *Eliminating dirtiness in the warehouse* and (3) *Improving recyclable plastic and wood storage*.

The case study found that the use of lean tools with improvement teams is not limited to production only. Besides, worker participation in the project increases the motivation of warehouse employees which directly influences productivity and process efficiency. Hence, training, teamwork and recognition are the main elements for achieving both the motivation and

participation of employees in the lean management effort.

3. Methodology

3.1. Research methodology

The qualitative method is used in this paper to understand the wastes existing in Vietnamese supermarkets, why they exist and which factors help to resolve the problem under the theoretical basis of Lean management. *Purposive sampling* is the main sampling method. It groups research objectives according to preselected criteria relevant to a particular research question. In this situation, a group of Vietnamese supermarkets in Hanoi, a group of managers at Company B and a group of supermarket customers are the considered samplings.

3.2. Collecting data

The primary data was obtained during a 3-month period from February 2015 to May 2015 by two methods: *Participant observation*, which is appropriate for collecting data in usual contexts; and *In-depth interview*, which is optimal for collecting data on individuals' personal histories, perspectives, and experiences.

The data was collected from the author's visiting supermarkets, taking photos, and taking notes inside the supermarket. The taking of photos helped in providing the evidence recorded for further analysis and contrast.

In addition, a very reliable source of information came from discussion with some managers at Company B, who previously worked for some Vietnamese supermarket chains or who had expertise in this business.

The discussion came from private talking and meetings or training lessons—not from a particular questionnaire. The advantage in this methodology was to be able to approach daily practices in reality, rather than to collect information through a questionnaire, which provides the opportunity for interviewees to modify an answer to fit the expectations. Even though it takes time to collect information, sometimes the recording data were not available.

A small part of the thesis needed the assistance from a quick Vietnamese questionnaire, conducted randomly online and offline. It simply reviews the perception of customers of a collection of different supermarket brands in Hanoi. The four questions are about “Supermarket shopping habits in Hanoi”. The results are calculated in percentages to relatively evaluate the preferences of people when doing supermarket shopping.

The secondary data is obtained mostly from the Internet and the training materials. Some internal information could not be accessed; therefore, this limits the scope of the thesis to the practices that can be more observed by customers' eyes.

Overall, based on the data collected and using the 5-whys method of problems-solving we attempt to find the root of existing wastes in Vietnamese supermarkets.

3.3. Selecting a case for learning lessons

The chosen Company B who has invested and succeeded in Vietnam is a typical enterprise in that the Lean philosophy is well integrated into the company from the first store established until now. The case-study of Company B contains some successful lessons for the application of Lean management in the

supermarket business. It does not cover all aspects of the business performance, but presents some important factors and some practical experience to help explain the factors in the proposed model.

Opening a business in a different country is a challenge for any company, in which the first and most important thing is how to manage the employees in a different culture. Company B is always conscious of this; therefore, every practice and activity in Vietnam is designed for Vietnamese people and for Vietnamese labor. The “mindset” and the “philosophy” from the mother company is always instilled in the mind of top managers. Thus, the model suggested later will be more practical and the values from Company B can be applied successfully in other Vietnamese supermarket chains.

4. Findings

4.1. *The effects of wastes on supermarket business operations*

Retail business, especially supermarkets, serves a very large number of customers but provides a low margin. To increase the profit, enterprises need to (1) increase the number of customers and/or (2) reduce the expenses. As mentioned in the theoretical part, expenses include both *real costs* and *wastes*.

Vietnam supermarkets are limited in capital, experience, technology and human resource management, making the elimination of wastes more necessary than ever. Most supermarkets in Vietnam have existed a long time before foreign retailers entered Vietnam, but the speed of network development, scale development and quality improvement is relatively slower, and thus cannot obtain the

advantage right in the home country. Wastes badly affect any business, and in the supermarket business, it is even clearer to see. Besides, the wastes created can affect the number of customers coming to the supermarket itself. While people are currently strongly aware of the tangible wastes, the intangible wastes are hard to detect as they have been hidden for a long time in the enterprise. The waste in mindset and working method accounts for a larger inefficiency in the operations and in the long-term perspective, and even creates tangible wastes. This thesis hence, focuses on intangible waste.

4.2 *Tangible waste in Vietnamese supermarket chains*

In the supermarket retail sector, the inventory and forecasting of customer demand plays a very important role. Inaccurate forecasting of the needs and trends of customer consumption leads to over-ordering. The cancellation of unsold goods due to the expiry date; and increasing inventory costs. Beside, preserving the goods for a long time may lead to defects and broken goods. Waste occurs mostly in the areas of fresh food, processed food and dry food. The missing link between the purchasing department, sales staff and marketing department, or an inappropriate working method, is one of the main causes of this situation. Besides, the waste of input is also worthy of mention, which happens when there is low awareness of employees in saving and using the facilities, tools, and machines correctly.

Some can say these wastes are inevitable. This is true to some extent, however, these tangible wastes can be just the outcome of

inefficient operations, or of intangible waste (which will be explained more in the part below), so effort to cut these wastes is necessary. More dangerously, if these visible wastes, such as defects and broken goods are witnessed by customers, the perceived quality will surely go down. Therefore, *to maintain a stable number of customers and expand the customer pool* it is vitally important, besides trying to save and cut the operating expenses of tangible costs.

The result from the quick survey of 101 customers showed the main reasons as the tangible wastes for dissatisfaction are:

(1) Product display is messy, sometimes untidy and dirty, which makes it hard for customers to find goods, and to feel not respected and inconvenienced. Even though businesses have been established for a long time, this situation is still common. Also, assistance from sales staff meets difficulties when there are inefficient guidelines for customers to find goods on the shelves.

(2) Incorrect pricing on labels or tags is a common problem. This reduces the buying intention of customers as they feel that information is not enough, and not believable.

(3) Long queues and long waiting times at the cashier counter. This happens quite frequently when the cashiers have problems with the machine, or make errors, or when there is an ineffective coordinator guiding customers to an empty counter or a counter that has fewer customers.

4.3. The intangible wastes in Vietnamese supermarket chains

Waste in business opportunity has become a serious problem for most Vietnamese retailers

when there is strong competition from foreign rivals. As in part of the customer survey, from 50 per cent to 60 per cent of customers prefer going to a foreign brand supermarket, especially for a large quantity of purchases at weekends or on holidays. Beside some of the phenomena mentioned above, the poor attitude of supermarket staff in serving customers is a big problem. According to some claims from customers, it is really common that cashiers do not smile, are friendly or to act in a polite manner with customers. Such staff does not welcome customers who buy small quantities or who use vouchers/discounts or who ask for information that is not related to the cashier.

Beside the problems relating to the customer's experiences, supermarket staff also face obstacles in the working process, which can be time-consuming and cause waste in effort. For example: Searching for goods in large warehouses takes time due to inefficient inventory management and unscientific numbering systems; filling the shelves with goods takes time because there are no convenient tools for this or tools are used in the wrong way... or there are slow handling problems in the sales process (items out of stock, products broken by customers, customer complaints and claims...) due to a lack of knowledge, ineffective communication and lack of enthusiasm. These things are mostly derived from that fact that staff do not pay attention to the process of work, employees' training focuses on working skills but not also on attitudes and spirit at work, and top managers do not provide a good role-model in their behavior... The staff is the face of the whole supermarket, so all the work they do has a direct impact on the performance of the supermarket.

Retail business has a large number of unskilled workers, who are the direct participants and contributors to the business' activities and interactions with customers. However, in addition to on-the-job training at the supermarket for working skills and actions with machine or system, they are not well trained in behavior, attitudes and respect for the organizational culture. Therefore, an enterprise cannot best utilize the labor ability and creativity in working of staff. This waste in *unused employee creativity* happens in almost all enterprises, especially when the enterprise does not see that their people are their most important asset who need more concern, investment and development.

For retail businesses who are intending to serve a large number of customers, the business does not stop at the creation of profit through the delivery of goods, but also brings the chance for work and development opportunities for employees, and brings development to the residents around the supermarket operation. That philosophy is almost non-existent or exists vaguely in Vietnamese supermarket chains. The commitments, and slogans launched by top managers are not yet thoroughly understood by employees, especially toward the staff working directly in the supermarket. The unskilled workers and even the managers do not see them as an important part of the business and do not truly appreciate the values that they bring to customers. For those reasons, the supermarket staff does not often make contributions, or have ideas, or give feedback to improve the work; in contrast they still are antagonistic to the work due to the low salary, and the hard work. They do not see that if they can work better and put more effort into serving customers, the

company will achieve more and they can earn more, in a win-win relationship. At the same time, the top managers do not consider that they are the assets of the enterprise, and that they are only no more than a worker.

It can be seen that *unused employee creativity*, and *discrete knowledge* mostly impact on the inefficiency in operations, which causes losses in attracting customers and in the ability to sell products. There are three main reasons for the waste in Vietnamese supermarkets. They are: (1) *unclear business philosophy* - the company lacks orientation for particular activities, which causes wastes (2) *lack of the Lean philosophy understanding* - Lean management is not all about applying the tools - it is about how to utilize human capability to reduce waste and inefficiency in operations and (3) *underestimation of human capability* - top management has little awareness about this topic.

5. Discussion

The research results do match what is stated in the theoretical basis, in addition, it points out that the wastes in *unused employees creativity* account for the largest proportion of waste, which leads to huge waste in *business opportunity*, or the opportunities to have more customers and to sell more to customers. What customer experience in the supermarket reflects exactly the operations performance. Therefore, we need to firstly focus on improving the mindset and working method of the unskilled workers with the help of the top managers and the direct supermarket supervisor. This practice in Vietnamese supermarkets is not radical. Beside, there are enterprises that are new to this method; they do not understand the role of the

normal employees and the Lean philosophy. It is totally inefficient to apply any Lean tool without an understanding of the concept and the further aim after that.

The model proposed (Figure 1) is the combination of: direct and indirect managers, employee training activities and guiding activities for the implementation of Lean tools; directing, coordinating, reporting, communicating with and receiving feedback

from the direct labor at the center. The model does not focus on any particular Lean tools or Lean process; it targets the components that ensure the successful implementation of Lean management. 5S, Kaizen, Visual management will not have any meaning if they exist only in the motto, slogan, or on paper, and are not the daily practice at the company level. To propose this model, there are some consultancies derived from the case of Company B.

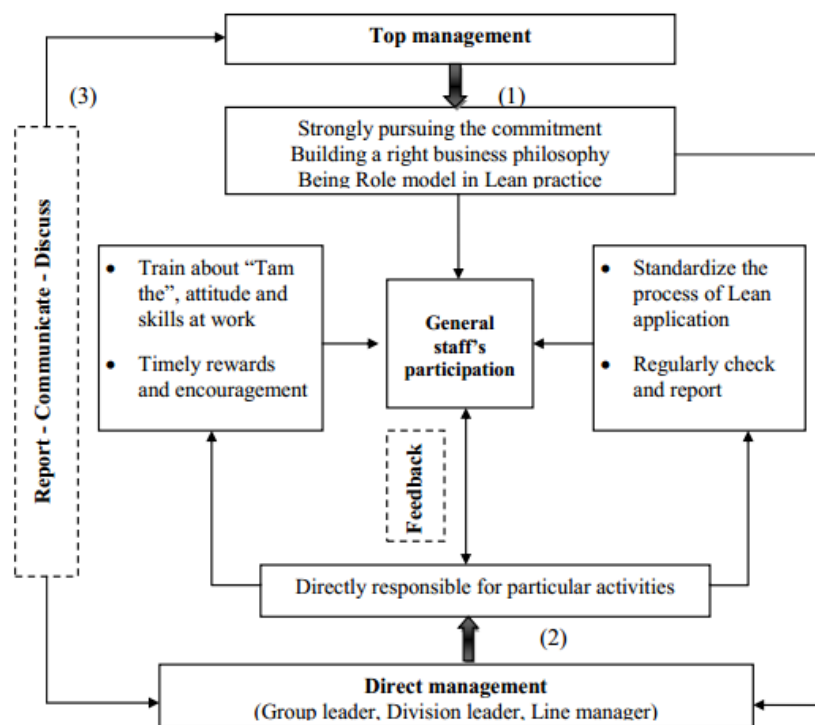


Figure 1. Proposed model for Lean management application in Vietnamese supermarkets.

5.1. Components in the model and suggestions for application

In the proposed model, there are *top managers* - who do not directly interact with daily operations and *direct managers* - who are directly involved in daily operations - they do not act on top-down command. These managers need to *support the employees* in the training

effort as well as in the attempt to understand and apply Lean tools. In addition, they must ensure a promising environment for employees. Sometimes, they should also assist the direct labor to timely resolve "bottle necks" in service operations.

Component 1: The top managers strongly pursues their commitment. At the same time, they need to become role models in applying

Lean management and motivate employees by the business philosophy.

- The commitment acts as a connection between top managers and employees. It reveals the relation of the labor-user to the laborer in relation to benefits and constraints, opportunities and responsibilities. When the commitment is strongly followed by top managers and issued comprehensively to the employees, both parties can better understand each other, and this is a basis for further activities to be completed. At Company B, employees directly meet the top managers to be informed about the commitment of the company towards them. The employees have a guidebook of commitments and the commitments are regularly expressed and repeated in daily activities. The important thing is the top managers and direct managers need to follow this commitment even more strictly. If this is done, the unskilled workers feel the respect of the company to them, and vice versa, the top managers often gains full support from employees in every activity.

- The employees also look to the top management to act; therefore, they will feel uncomfortable when they are being told to do something that the top management does not follow. Being a role model is especially helpful to encourage the employees to do something that they do not often do or even do not have knowledge about, for example applying 5S in the workplace. This tool plays an important role in every stage of operations and directly affects the customers. At Company B, top managers consider themselves as equal to everyone, they also participate in the 5S activity starting from their own working space, they directly check

the warehouse on “5S day” and regularly talk about 5S in an easy-to-understand way¹. The key people do need to understand this carefully and express this understanding in actions to encourage the employees to follow when they see its benefits.

- The business philosophy will orient the operations of the supermarket. In fact, not every supermarket has such a business philosophy. Because of that, business activities often deviate from the highest aim and cause waste. For instance: trying to develop new products that are not appropriate for the demand of customers or applying new policies that customers do not want. Moreover, the enterprise still has to spend time and money on these activities. With the business philosophy “customer first”, Company B commits to orient the business operations to what the customers feel most satisfied with. Before any expansion, it always takes the time to study the characteristics and habits of consumers in those regions, to understand the new customers. Then a series of improvements and changes will follow to make the new supermarket most suit customers, from the viewpoint of customers². Its target “Bringing the development to less developed areas” is also a source of encouragement for employees, because they feel that they can contribute for a very meaningful thing and for their better life.

¹ “When you finish using something, for example the phone, you have to return it right to the original place. So that everyone can use it. Everything should be in the right place. In the office, it may be not a big deal; however, in a large supermarket, you cannot run and find everything when you and the others have much work and many customers to take care of.” - The saying taken from the Meeting in Office by Store manager at Company B.

² “We need to offer what customers value, we do not offer all that we have. Otherwise, it is a huge waste.” - The saying taken from the Meeting in Office with a Store manager at Company B.

- Also, it is necessary to express caring, appreciation and encouragement for the efforts of the employees and in some cases, this empowerment can help them feel the value of the work that they do everyday. Concern for employees and humans in general is also a part of Company B. Some significant resources are channeled into activities to create value for workers: improving meals, providing uniforms of good quality, organizing art and cultural activities for the staff... and for society.

Component 2: The direct managers who manage the employees on the shop floor play an important role in interacting with the employees. Beside training and updating the working skills and knowledge, they can effectively support the training of “Tam the”, listening to people’s ideas and feedback and standardizing and visualizing the working process.

- “Tam the” (“Tâm thế” - the management term proposed by the author Nguyen Dang Minh, accepted by the *International Journal of Simulation Modeling* in March 2015) has a meaning combined of three factors - (1) *understanding that learning and working are beneficial for ourselves*, (2) *only learning and working seriously can improve our capability* and (3) *having a good attitude towards learning and working*. Having a good “Tam the” is a must when people want to do anything and expect a good result. Therefore, “Tam the” should stay inside the employees, from the highest positions to shop floor workers. Direct managers work with general staff in a supermarket; therefore, they are close to every one of their activities and understand them better. The direct managers should be aware that training for employees is not only the responsibility of the Human Resource Department but is also their

responsibility because top management and training department are not always close to the general staff. To arouse and maintain “Tam the”, requires a day-by-day effort. It is easy to see that many people often complain about the attitude of supermarket staff when they have to deal with customers. Often they do not put the benefits of customers foremost, act less politely, and do not admit their mistakes and even scold the customers. These situations obviously badly affect the supermarket’s image and revenue. With a good “Tam the”, the staff will try to solve the problems in the most proper way which make customers feel satisfied and creates a friendly and comfortable shopping environment. At Company B, the management term “Tam the” is instilled in the minds of the managers. They do not teach the general staff the meaning of “Tam the”, but instead make them understand this concept via actions, under the motto “customer first”.

- Concerning and listening to employees’ ideas and feedback will help the business gain a lot of valuable things. Often, the unskilled workers are not encouraged to contribute their ideas, though they are the ones who directly meet customers and handle the work everyday. In a manufacturing enterprise, there are also many unskilled workers, and it is proven that listening to their ideas can improve the manufacturing process. Listening to employees’ ideas should also be applied the same in the case of supermarkets, as the direct labor often has interaction with customers. The employees at Company B are free to express their opinions and ideas to managers; vice versa the managers always encourage the employees to try thinking of doing better everyday. Every idea proposed should be aligned with the business philosophy and to create the most value for customers and

to help the company to save resources. The ideas can be proposed at anytime and will be gathered in a monthly meeting where there are direct managers, top managers and employees to discuss the reliability of the idea. Best ideas then will be applied in reality and there are rewards for the contributor immediately. Through this activity, the employee notices the respect of the company for themselves, and then tries to actively think more, and to contribute more because they see the benefits of doing well - benefits for customers, for themselves and for the company³.

- Towards the effort of applying Lean management in daily working, the managers at Company B do pay attention on standardizing and visualizing all processes so that everyone can see, follow, practice and turn the behavior into habit. The requirements for clothing or behavior of employees is documented and visualized and hung in the office or in the supermarket staff room. At the end of the working shift, there is a quick information wrap-up to summarize the working results for the day, to promptly recognize the work done and not done in one shift, and to learn lessons to minimize errors. This is easy to apply and can become a basic practice for any supermarket to learn. Only because the managers do not see how important it is to the daily work of employees, they do not pay correct attention to it. To encourage and more importantly, to maintain the Lean management practice, basic 5S and Visual management, and the spirit of “doing better”, the direct managers should listen to the employees in the Lean practice

³ “Everyone has only 24 hours a day, but if we can encourage each person here to think in one hour per day, we have hundreds of ideas that take one or a few people months to think of.” - The saying taken from the training session in Office by Training executive Manager at Company B.

sessions and sometimes empower them to give new ideas. In this way the employees will feel respected and will be active in the Lean practice instead of being forced to take part. Towards unskilled workers, it is necessary to not explain complicated and academic knowledge, which is hard to remember and understand. Therefore, visualizing the complex processes are helpful for them. Also, matching the learning and daily working are important. For example, the regulations of machinery use and cleaning should be placed in front of the employees.

Component 3: Direct and frank communication between top managers and direct managers to report and discuss company policies and important problems of applying Lean management.

While the top managers are very busy and do not directly participate in the operations, they are the policy makers for the whole company and every policy has its impact on the company. That is the reason why the cooperation between the levels of management will cause the flow of information to go smoothly and for bottlenecks in operations to be timely resolved. The information goes in a two-way communication, not only the reading of the report made by direct managers. Thanks to that, the information and policy are exactly transferred inside the organization, preventing misunderstandings and ensuring a transparent working environment.

6. Recommendations

The suggestion for applying Lean management in Vietnamese supermarkets focuses on changing the attitude at work and enhancing the communication between employees and managers. These are not costly suggestions; however, they require time for

training and understanding and great effort from the managers to make changes in the employees which will later result in better operations with less waste and more efficiency. The steps for a particular Vietnamese supermarket (with fewer resources in terms of person power, training, understanding of Lean management and weak governance) to apply Lean management are provided in detail below, starting with the

business philosophy, waste identification, 5S activities and further. The steps are repeatable and they can be modified and applied in many of the different practices of the supermarket providing the basis for good communication among employees, good “Tam the” and a comprehensive understanding of business philosophy.

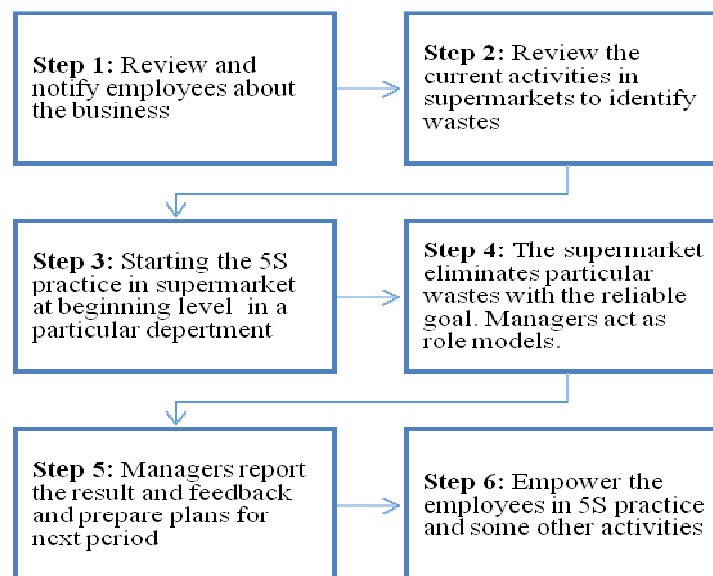


Figure 2. The proposed steps for applying Lean management in Vietnamese supermarkets.

7. Conclusion

The research points out the wastes existing in the Vietnamese supermarkets in Hanoi. To sum up, the main reasons for wastes are (1) *unclear business philosophy*, (2) *lack of the Lean philosophy understanding* and (3) *underestimation of human capability*. From some lessons from Company B, the proposed model for Lean management application in Vietnamese supermarkets focuses on a right business philosophy, the commitment and the role model of managers, communication among employees and managers, and training activities

- including training about “Tam the”- working skills, and approaching Lean tools (e.g. 5S) in a practical way.

The research uses the context of the working environment with a large quantity of unskilled labor as in manufacturing companies of previous studies. However, due to the characteristics of the service industry, the model proposed emphasizes more on eliminating wastes and improving efficiency in order to enhance the service process and employees’ awareness, with the aim of serving customers better.

The research itself brings a general picture of the situation, yet does not mention a particular case of a Vietnamese supermarket. Further research looking specifically at Vietnamese supermarkets would give a useful example for our domestic retailers to consult.

In addition, other service enterprises in other forms of the retail sector - in the hotel industry, healthcare, and restaurant service... also can conduct further research and utilize the common points found in this research to modify and create the model for the application of Lean management in the enterprise, especially in those enterprises that are having problems in gaining customers. The changes to the inside operations later will definitely lead to more effective business performance, because they will reallocate resources saved from waste into that which will make the customers more satisfied.

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