

OBI Schwabach: Customer focus and the management of local suppliers



OBI is one of the largest chains of Do-It-Yourself ('DIY') retailing stores in Europe: number one in Germany, Russia, the Czech Republic and present in nine other countries in central and Eastern Europe, with over 38,000 employees and 530 stores, 330 of which are in the home country of Germany. The stores sell garden and building supplies, tools, bathroom furniture and interior decoration products. In addition OBI has been particularly innovative in the provision of services: such as financial, DIY tips, equipment rental, renovation services and kitchen design.

The Schwabach store, home to 70 employees serving 450,000 customers a year, near to Nuremberg in Germany, was the EFQM Excellence Award prize winner in the category "Customer Focus" in 2007. The store is part of a regional group of fifteen centres owned by BU Holding AG – one of the largest franchisees within OBI. Opened in 1999, the store's ambitious management team set about differentiating themselves and their organisation primarily on the quality of service. The first step was for the managers to be trained as EFQM assessors, and implement a process of annual self assessment. Uniquely among OBI stores and exceptionally in the retailing sector a full time quality manager was appointed. Recognition did not take long: the store won an internal OBI quality award (based on EFQM-like criteria) in 2002. Further milestones prior to the 2007 prize were: Winner of the Bavarian Quality Award in 2004, EFQM Recognised for Excellence also in 2004 and winner of the DEKRA Award in 2006.

The range and level of services offered to customers has allowed the Schwabach store to consistently grow its customer base and local market share. Having carefully segmented the product offering between home and garden, and implementing market share and satisfaction measures, the store's managers were aware of an opportunity in the local market they could fill: a large, growing and profitable segment of customers not interested in 'DIY' products that comprise the majority of the traditional sales of an OBI store. By selecting the right products in the gardening and living categories, and investing in complementary services the store has grown faster and more profitably than the OBI group average, and among the other stores in the BU franchisee owned region. Another sign of the success of this segmented strategy is that the majority of its customers are women.

Ralf Engler, manager of the Schwabach store comments on the use of EFQM in the retail sector:

"For us the key benefit has been to have a clear picture of where we stand in relation to our long and short term goals. We are careful to structure improvement projects according to a well-communicated plan shared with all the teams, who understand and contribute to the setting of targets."

"We believe that our results speak for themselves in showing the value of such an approach, and yet very few retailing organisations are following our ideas and similar principles: it is perhaps a shame that there is not a Community of Practice for the retailing sector."



Ralf respects the contribution of suppliers to the sustainability of the business: “Of course, one of our main differentiators is to be able to offer frequently asked products at a competitive price. Nevertheless, we have established a number of key long term partnerships in the Nuremburg region that we try to develop on a ‘win-win’ basis. We agree on local service levels together: frequent meetings are held with suppliers to agree on new goods and conditions.

As an example of an innovation unique among DIY stores in the Nuremburg area we have launched the ‘ORIGINAL REGIONAL’ own labelling to promote local goods from our regional suppliers. The suppliers know that they must continue to adapt to changing customer demands in a highly reactive way: our investment in understanding the customer also helps our suppliers to get it right.”