

Under new management: The impact of team-based management on performance outcomes for a small student-run apparel retail store

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Introduction. Large e-commerce companies dominate the retail industry, making it harder for small (less than 500 employees) brick-and-mortar stores to keep their doors open (Babu, 2023; National Archives, 2023; SBA Office of Advocacy, 2016). According to the National Retail Federation, “the overwhelming majority of retailers are small businesses, with more than 98 percent of all retail companies employing less than 50 people” (NRF, 2021). Small businesses face low success and survival rates, as 38% of small businesses close after three years, and generally, only 65% of small businesses are profitable (Babu, 2023). Challenges that small businesses face include financial constraints, lack of time, high-quality employees, and ineffective web presence (Sophy, 2023; Walden University, n.d.). To overcome these challenges, small apparel retail businesses may employ a team-based management structure to allow for better utilization of company resources. Businesses are moving towards a team management structure, with 90% of large corporations in the U.S. following a team-based management structure (McDowell et al., 2016; Proehl, 1996). However, there is a gap in the literature regarding the impacts of a team-based management structure on small apparel retail businesses. The present exploratory study aims to address this gap with the following overarching research question: Does a team-based management structure positively impact the business performance of a small student-run apparel retail store?

Literature and proposition development. A team-based management structure is an organizational structure in which specialized teams complete individualized tasks, while also collaborating to reach holistic business goals (Indeed, 2023). This structure is employed by businesses to encourage collaboration and increase employee autonomy, communication, and productivity (Whitfield et al., 1995; Ali et al., 2020). Team structures may be based on a representation of specializations (i.e., labor skills), hierarchy (i.e., leadership positions), and formalization (i.e., work routines, priorities, and procedures; Ji & Yan, 2020). Within a team-based management structure, cross-functional teams are frequently employed (Proehl, 1996). Cross-functional teams are made up of individuals from different functional areas within a company and can either be organized as permanent or temporary groups formed to work on a specific project (INC, n.d.). Team-based management structures increase team longevity and positively impact long-term performance (Ji & Yan, 2020). Small apparel retail businesses face constraints in time and resources, which may be reflected in their sales and customer engagement (Jones, 2014). A team-based management structure may assist small apparel businesses in

overcoming these constraints. For example, by working collaboratively with buying, marketing, e-commerce, and visual merchandising departments, small apparel businesses can ensure the inventory assortment is tailored to their target customer, while also conveying the brand lifestyle across all channels and geographic regions (Wollan et al., 2011). Furthermore, the stated departments may also collaborate with the social media department to deepen customer relations via direct interaction (Jones, 2014; Wood, 2009). The following propositions were developed regarding performance outcomes for a student-run small apparel retail store:

P1: The team-based management structure will positively impact employee longevity.

P2: A team-based management structure will have a positive impact on sales.

P3: A team-based management structure will positively impact customer engagement.

Methods. A small student-run apparel retail store served as the unit of analysis for the current study. The store is located in the Midwest and specializes in selling hand-made and custom-designed merchandise through three sales channels: a brick-and-mortar store, a website, and pop-up events. This business opened in 2020, but a team-based management structure was not implemented until 2022. The business currently employs 18 individuals, who are divided into nine different departments based on their skill sets: social media, buying, e-commerce, human resources, finance, graphic design, visual merchandising, public relations, and events. Departments work cross-functionally to achieve their individualized and holistic organizational goals and are embedded within an academic course structure to guide student learning experience and overall retail store operations. Each department employs a hierarchical structure with a team leader (i.e., manager) who guides each department. Team managers report to a lead manager, who then reports to the store supervisor (i.e., instructor). Quantitative metrics regarding team longevity, customer engagement, and sales performance were compared before and after a change in the management structure. The data was gathered over nearly eight months from the point-of-sale (POS) system and online platforms that track insights regarding multi-channel customer engagement and reach.

Results. To examine P1, the retail business' employee retention rate was analyzed. After utilizing a team-based management structure, the business' employee retention rate between Q1 and Q2 was 100% compared to a retention rate of only 46% from the previous year. This depicts more than a 50% increase in retention, supporting P1. To assess P2, data regarding inventory breakdown and e-commerce site traffic, along with overall sales, were analyzed using POS data. After implementing the team-based management structure, the observed retail business saw an increase in annual net sales of 44% and total orders of 70%. Furthermore, all key e-commerce metrics showed an upward trend. Revenue from e-commerce sales increased by 46%, with total online orders increasing by 20%. The number of visitors to the retail business' website also increased by 7%, thus, supporting P2. To examine P3, customer engagement metrics from social

media platforms were collected. Since the management structure change, the business' Facebook reach increased by 45%, with an increase in the number of followers by 700%. The business' Instagram reach increased by 14%, along with the number of page visitors increasing by 192%.

Conclusion. To answer the primary research question regarding whether a team-based management structure positively impacts the business performance of a small student-run, multi-channel apparel retail store, three propositions were examined. The structure applied within the observed small retail business emphasized coordination and cross-functional collaboration through the specialized departments. The positive impact of a team-based structure on business performance is demonstrated through improved employee retention, increased sales performance, and enhanced customer engagement. In conclusion, a team-based management structure positively impacted the business performance of a small student-run apparel multi-channel business. Small apparel retail business owners, along with higher education apparel programs with a student-run retail store, should consider implementing a team-based management structure to increase business performance. The study has limitations as there are no direct metrics to evaluate team coordination or performance. In addition, the store opened during the COVID-19 pandemic, which significantly affected small apparel retail businesses.

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