SSE RIGA

William Davidson Institute
AT THE UNIVERSITY OF MICHIGAN

case 1-429-393
August 05, 2014

Rimi Latvia: Growing (Store?) Managers Faster

Another year was approaching its end and as usual it was time for Rimi Latvia human resource manager Liga Stabulniece to look back at what was achieved and to forge an agenda for a new year. She thought about Grow Faster (GF), a program that was started by Rimi in 2005 to prepare trainees to become store managers. Over time it had become clear that graduates of the program seemed to prefer working in the office instead. Out of 18 recruits since 2005, 10 graduates and two trainees were working in Rimi Latvia, and there were two resignation notices lying on Stabulniece's table, an unfortunate development considering the investments that had been made in GF participants. As she prepared for a meeting with colleagues — Rimi HR managers from Estonia and Lithuania — Stabulniece was eager to hear their opinions on a number of questions: How should we position GF so that it adds the greatest value to Rimi? How can we promote the role of store manager to make it more attractive to talented potential leaders? What can we do to strengthen our recruitment and selection efforts for GF trainees to make sure that we attract and hire the most talented candidates? How can we increase our retention of GF graduates?

Industry Background

In the northeastern European nation of Latvia, competition in the food retail market was intense. Despite growth in 2012, Rimi Latvia gave up its market-leading position to its main competitor, Maxima Latvija, a company of the Lithuanian-owned Maxima Grupe. **Exhibit 1** illustrates Rimi Latvia's position versus its competitors. Rimi held around one-third of the retail market, with another one-third belonging to Maxima and the remaining third shared among other companies. The next closest competitor to Rimi and Maxima had six times less revenue in 2012.

Grocery retailers were heavily influenced by economic conditions in Latvia. The 2008 financial crisis resulted in low consumer confidence, reduced consumer spending, high unemployment, and low wages. In 2009, at the height of the economic crisis, grocery sales dropped by 17% in Latvia (see **Exhibit 2**).

The Latvian economy began to stabilize in 2010, and GDP grew by 5.5% in 2011 and 5.6% in 2012. With these improvements, consumer spending began to rise, with Latvian retail grocery sales increasing by 7.9% in 2011 from 2010 levels. Retail grocers moved forward with their expansion plans, opening new stores and renovating others. The steady though slow recovery was expected to result in continued yet moderate growth.

Published by GlobaLens, a division of the William Davidson Institute (WDI) at the University of Michigan.