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AIS 3010 Teambuilding

20 February 2024

## Recommendations for Enhancing Profitability at Santiago Memorial Hospital's Gift Shop

### Problem Recognition and Definition

Santiago Memorial Hospital, a cornerstone of healthcare in our community for over a century, faces a pressing challenge concerning the profitability and revenue generation of its gift shop. The gift shop has traditionally been a vital source of funding, contributing significantly to the hospital's ability to fulfill its mission of community health improvement. However, since the resurgence from the COVID-19 pandemic, the gift shop has struggled to regain its former financial stability.

The historical success of the gift shop, generating an annual revenue of \$75,000 to \$100,000, has been compromised, raising concerns about its sustainability and contribution to the hospital's programs and initiatives. Despite being the sole provider of various specialty services in the region and enjoying a loyal patronage from both the local community and hospital visitors, the gift shop's performance has faltered.

### Problem Analysis

Several factors contribute to this dilemma. Firstly, the reduction in operating hours, from 9am—7pm on weekdays and 10am—2pm on weekends to the current schedule of 10am—3pm Monday—Thursday, has limited the shop's accessibility to potential customers. This shift in hours was necessitated by staffing challenges, highlighting an underlying issue with volunteer recruitment and management. Furthermore,

the finite space within the hospital premises presents a dilemma regarding the optimal utilization of the gift shop space. While the potential conversion of the area into clinical space seems logical from a financial standpoint, it neglects the intangible benefits the gift shop provides, such as offering solace and respite to hospital employees and visitors amidst stressful circumstances.

In light of these challenges, the Board of Trustees, under the stewardship of the hospital's CEO, has tasked our team with evaluating the future trajectory of the gift shop. It is imperative to explore innovative solutions that align with the hospital's mission, vision, and core values while ensuring the sustained financial viability of this essential community resource.

## Generating Alternative Solutions

*Evaluated Solution 1: Outsourcing to a Retail Management Company:* One potential solution to the profitability challenges facing Santiago Memorial Hospital's gift shop involves outsourcing its management to a retail management company. By leveraging the specialized expertise of such a firm, the gift shop could see improvements in operational efficiency and profitability. Delegating management responsibilities could also alleviate the administrative burden on hospital staff, allowing them to concentrate on core healthcare functions. Additionally, partnering with a retail management company may provide access to resources and networks that could enhance product offerings and marketing strategies. However, this solution poses risks, including loss of control over critical aspects such as product selection and pricing, as well as the need to ensure alignment with the hospital's values.

*Evaluated Solution 2: Transition to a Fully Online Storefront:* Another potential strategy to address the gift shop's financial challenges involves transitioning to a fully online storefront. Other gift shops have made this transition successfully, although there is an investment in time and effort (Molaro). This shift could expand the shop's reach beyond hospital visitors to include online shoppers from the wider community, potentially boosting revenue. Operating online offers the convenience of round-the-

clock accessibility and may result in cost savings associated with physical retail space and staffing. However, drawbacks include the loss of in-person shopping experience valued by customers, technical challenges in establishing and maintaining an effective online platform, and security concerns regarding online transactions.

*Evaluated Solution 3: Migration to "Unattended" Retail Technology:* A third solution to consider is the adoption of "unattended" retail technology, such as vending machines and self-checkout kiosks, within the gift shop. This approach could enhance efficiency by streamlining the purchasing process and reducing wait times, leading to improved customer satisfaction. Furthermore, implementing such technology could result in significant cost savings by reducing staffing requirements. Additionally, the flexibility offered by unattended retail solutions allows for dynamic adjustments to inventory, pricing, and operating hours to better meet consumer preferences. However, challenges include the substantial initial investment required for acquiring and installing the technology, as well as ongoing maintenance needs. Moreover, there is a risk of diminishing the human touch and personalized service that are integral to the gift shop's appeal, particularly within a hospital setting focused on compassion and empathy.

## Solution Selection and Implementation Recommendations

While each proposed solution offers unique advantages, our team advocates for the migration to "unattended" retail technology as the optimal strategy for revitalizing the gift shop. This approach combines the efficiency and cost-saving benefits of automation with the flexibility to maintain a semblance of human interaction, ensuring a balance between operational efficiency and customer experience. According to a report on unattended retail, 78 percent of people who use digital wallets want to make purchases from unattended solutions (The Future of Unattended Retail). Additionally, a survey by Cantaloupe, Inc found that 90% of respondents now use unattended retail as much if not more than they did prior to COVID-19 (Unattended Retail- Research Pg.4). These results are further backed by another

survey on autonomous shopping that found three-quarters of shoppers would like to have an autonomous shopping experience, (Brainweigh). By embracing innovative technology, Santiago Memorial Hospital can not only overcome the current challenges facing its gift shop but also position itself as a leader in healthcare retail innovation within the community. Indeed, Mayo Clinic successfully implemented scan and go, self-checkout, and app-based ordering within their hospital as unattended retail options (Martinez 2022).

The decision to recommend the migration to "unattended" retail technology for Santiago Memorial Hospital's gift shop is rooted in a thorough analysis of the challenges facing the current operation and the potential benefits offered by this innovative approach.

Firstly, unattended retail technology aligns with the hospital's commitment to efficiency and innovation while also addressing staffing challenges. Unattended retail is a growing solution for locations with staffing issues, and stores that employ it enjoy a marketing boost from advertising the high-tech unique experience (Buzalka 2022). By leveraging vending machines, self-checkout kiosks, and other automated systems, the need for human staffing can be significantly reduced, thereby mitigating concerns related to volunteer availability and operational costs.

Secondly, this approach offers unparalleled flexibility in terms of operating hours and inventory management. Unlike traditional brick-and-mortar stores, unattended retail solutions can operate 24/7, ensuring accessibility for hospital visitors and the wider community at all times. Additionally, the dynamic nature of these systems allows for real-time adjustments to inventory levels based on demand patterns, ensuring optimal stock availability without the need for manual intervention.

Furthermore, while automation enhances efficiency, it does not compromise the human touch that is integral to the hospital's ethos. While the other options considered had merits, our research showed that there were concerns regarding the loss of a physical shopping space for online-only orders, and the possible loss of control and revenue when outsourcing to a retail management firm. Despite the automated nature of the purchasing process, the gift shop can still prioritize customer service through personalized

product selection, signage, and digital interfaces that reflect the hospital's values of compassion and integrity.

In alignment with our recommendation to migrate to "unattended" retail technology, Santiago Memorial Hospital will embark on an implementation plan aimed at revitalizing the gift shop and enhancing its profitability. This plan will involve the strategic deployment of vending machines, self-checkout kiosks, and other innovative technologies to streamline operations and improve customer satisfaction. Firstly, we will conduct a thorough assessment of the gift shop's space and layout to identify optimal locations for installing vending machines and kiosks, ensuring convenience and accessibility for both visitors and staff. Secondly, we will collaborate with technology vendors to procure and customize state-of-the-art vending machines and self-checkout kiosks equipped with user-friendly interfaces and secure payment systems. Additionally, our team will develop comprehensive training programs to educate gift shop staff on operating and maintaining these new technologies, ensuring seamless integration into daily operations. Furthermore, we will implement robust inventory management systems that leverage data analytics to optimize stock levels and product offerings based on demand trends and customer preferences. Throughout the implementation process, we will prioritize open communication and feedback mechanisms to address any concerns and ensure alignment with the hospital's mission and values. By embracing unattended retail technology, Santiago Memorial Hospital will not only modernize its gift shop operations but also reinforce its commitment to innovation and excellence in healthcare retail within the community.

## Proactive Risk Analysis

Performing a risk analysis for implementing unattended retail technology at Santiago Memorial Hospital's gift shop reveals several potential challenges. Technical malfunctions in vending machines or self-checkout kiosks could disrupt operations and lead to lost sales. Cybersecurity threats pose risks to

customer data and financial transactions, requiring robust protection measures. Operational dependencies on equipment maintenance and inventory replenishment may impact smooth functioning. Customer acceptance of automated systems may require education and reassurance. Compliance with regulatory standards, staffing and training needs, market competition, and financial investments also present significant considerations. By proactively addressing these risks through monitoring, contingency planning, and stakeholder engagement, the hospital can enhance the likelihood of successful implementation and mitigate potential challenges.

## Teambuilding Process Discussion

*Team Warm-Ups:* Before delving into the intricacies of our project, we initiated our meetings with team warm-ups. These sessions served as valuable opportunities to connect on a personal level, sharing updates from our lives and discussing any research findings or ideas from the previous meeting. This practice fostered a sense of camaraderie and laid the groundwork for productive collaboration.

*Project Charter Development:* The development of our project charter was a collaborative effort, wherein we engaged in thorough discussions regarding the outlined questions. Together, we established team norms, delineated roles and responsibilities, and outlined our preferred communication channels. These deliberations provided the framework for our subsequent problem recognition and definition process.

*Role Assignment and Project Planning:* In order to ensure clarity and accountability within our team, we adopted a systematic approach to role assignment and project planning. At the conclusion of each meeting, we rotated roles, including timekeeper, recorder, and leader. By defining the responsibilities of each role and consistently assigning them, we mitigated ambiguity and potential conflicts.

*Conflict Management:* Open communication was paramount in managing conflicts effectively within our team. We extended meeting durations when necessary to address concerns and fostered an

environment where every member felt comfortable expressing their ideas and apprehensions. Embracing open-mindedness, especially in a virtual setting prone to miscommunication, facilitated collaboration and understanding.

*Decision Making:* Our decision-making process centered around democratic or consensus-driven approaches. Each member contributed ideas, which were thoroughly discussed before arriving at conclusions. We maintained detailed records of our discussions to reference during deliberations, ensuring transparency and accountability in our decision-making.

*Group Process Evaluation:* Following the selection of our solution, we circled back to assess its efficacy in addressing the initial problem. Through forecasting potential outcomes and evaluating effectiveness and efficiency, we ensured alignment with our objectives. Additionally, we established criteria for evaluating each team member's contribution, emphasizing commitment, participation, teamwork, and effort throughout the project lifecycle.

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