



Building a Platform for Retail Success

The retail industry has suffered from a lack of continuity in supporting business processes with application systems. Retailers have often developed systems to address specific needs or purchased point solutions with little thought to the benefits an integrated approach could offer to overall retail success. As a result, labor is wasted, revenue opportunities are lost, and the customer experience is less than it could be. All because the right hand doesn't know what the left hand is doing.

This problem is most evident within the retail store. With the increasing importance of promotions and pricing strategies to revenue goals, the amount of corporately assigned tasks store managers must work into staffing schedules, while also accounting for the expected uplift in traffic these programs produce, has become overwhelming. Therefore, this is an excellent area to begin building an integrated approach to retail systems support.

Execution Management applications have proven to increase sales revenue and decrease costs by ensuring corporate merchandising initiatives are rolled out on a timely basis across all stores. In addition, the marketplace has begun to realize that an integrated Execution Management – Workforce Management approach can add even greater value than the sum of the parts. Similarly, tying inventory forecasting and replenishment capabilities to Execution Management will better fulfill the ultimate vision of improved merchandising operations.

The sequence you take to roll out these solutions may depend on your current technology and where your greatest pain is. For example, if you already have advanced applications for workforce management and planning, inventory forecasting and replenishment, and performance management, and are just trying to solve the corporate task execution problem, then Execution Management will provide excellent value. Similar benefits can be derived from any of the other solutions as well.

However, if you don't have an integrated suite of these technologies in place and are looking to provide greater value to your retail operations than any point solution can offer, the difference an integrated approach can make quickly becomes clear.

Let's take a minute to walk through how an integrated suite of retail solutions can be implemented in a phased approach to drive much greater revenue growth and cost reduction than point solutions alone can ever achieve. We call it the Platform for Retail Success.

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The secret to retail success is ... there are no secrets – everybody knows you have to get the right localized assortment and quantities of products in stores at the right time, along with the right number of people with the right skills to stock the shelves and help customers buy. But nobody said it was easy. The good news is there are several proven technologies available to help. As the chart at right indicates, these technologies build on each other to create greater bottom line value than any standalone system can offer.

Phase 1 – Execution Management

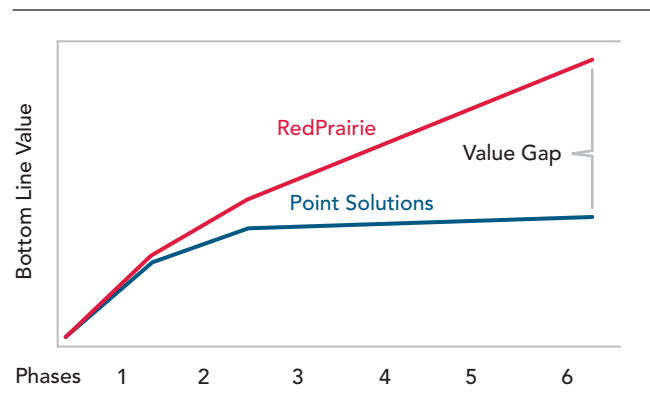
As many leading retailers around the world can attest, Execution Management applications can drive real value to your bottom line by ensuring merchandising initiatives such as planogram resets, promotions, pricing changes, and other time-consuming store tasks, are executed correctly and on time. These tasks can involve both your own associates and vendor employees. Control over these tasks is especially important as the workload on store managers increases.

In surveys reported by Paula Rosenblum, Analyst, Retail Systems Research, the volume of tasks sent to stores is becoming unmanageable. "In 2007, 53% of surveyed retailers reported an increase in work being sent to the stores. In 2009, surveyed retailers reported the number of price changes sent to the stores is growing untenable and may well be the single largest gating factor in price optimization. It's just too hard to get all the work done."

Since this is such a major pain point, and Execution Management applications have proven they can deliver real value quickly, this is the recommended first phase in building your platform for retail success.

Phase 2 – Workforce Management

As any store manager will tell you, getting all of the corporate assigned tasks completed on time is a major accomplishment – but it's only half of the battle. They also need to schedule the right number of people with the proper skills to handle forecasted store traffic ebbs



and flows, which vary from location to location. Since often the associates performing the corporate assigned tasks are the same ones handling customer traffic, it's apparent an integrated Execution Management – Workforce Management suite will provide even greater value.

In addition to providing traffic-based scheduling, Workforce Management applications offer capabilities for learning management, time & attendance, employee self-service, and incentive pay calculations that create a complete, automated approach to store workforce management. RedPrairie has proven the benefits of this technology over the past decade at over 30,000 sites for leading retailers around the world. Today over 2 million retail workers are managed by RedPrairie's® Workforce Management solution.

Other execution management vendors have belatedly recognized the value of an integrated approach as well, and have begun launching workforce management products. The question is – how robust are their initial versions, and do they have the expertise to help you leverage the potential benefits? The same question can be asked of workforce management vendors trying to add execution management. Typically it takes years of trial and error to build out a robust product suite and the associated real-world experience. To date, RedPrairie has over 600 man-years of development in its Workforce Management solution. How will other vendors be able to surmount this huge capability and experience gap to provide similar value to your business?

¹ Store Managers and the Productivity Paradox, Paul Rosenblum, RSR Research, March 31, 2009

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Phase 3 – Workforce Planning

Once you have integrated execution management and workforce management in place, you can start to leverage this information to answer the harder “what if” planning questions that drive more effective operations and better utilize your workforce. For example, you may have several promotions hitting your stores at the same time. Do you have sufficient workforce in each store to get it all set up and priced on time?

This is a real problem for most retailers. In fact, a 2009 survey by SuperMarketNews.com found 95% of grocers fail to execute on all of their promotion plans, with 37% failing to execute even half of them. Lack of workforce planning is a major contributor to this problem.

RedPrairie’s Workload Planner enables companies to accurately project the amount of effort required to execute each project in each store. The system provides what-if scenario analysis on project timing, content, priority, and phasing. As a result, organizations can use Workload Planner to phase and prioritize projects over time, while comparing demand for labor to capacity by store, by week.

Jenny Lovin, VP Operations & Service for Borders Group Inc., says, “Workload Planner has made a significant difference in our optimization efforts by improving our ability to gatekeep at the corporate office and moving our organization away from a one-size-fits-all store operations approach... Now, each store’s tasks are scheduled according to their individual ability to handle work. The result has been an increase in efficiency, productivity and compliance.”

To conduct this type of “what if” analysis requires a detailed understanding of how long each task takes to perform. RedPrairie has over three decades of experience deploying these engineered standards and has applied this knowledge to retail workload planning. As a result, retailers can determine which processes return the greatest ROI, and drive those with the biggest impact to the stores. It also allows escalation of issues during execution to maximize revenue impact at the stores, calculating the cost of changes, verifying completion of the effort with photos, and auditing non-performing stores.

Phase 4 – Integrating Inventory with Execution

The best workforce planning and scheduling will do little good if merchandise is not available to stock and sell when needed. Whether it’s promotional items, not-for-sale goods, or everyday inventory, having empty shelves or not being able to find products in the stockroom will mean lost revenue and less than successful promotions. It is critical, therefore, to integrate inventory management with customer demand to ensure just the right amount and mix of merchandise is available when tasks are scheduled to be executed and customers are ready to buy.

RedPrairie uses near-real time POS data to forecast item sales velocity by store to accurately predict replenishment needs. Historical sales trends can also be used to predict demand for new products or promotions. The forecasted stocking and replenishment requirements can automatically generate tasks to complete this work according to the needs of each store. This ‘hand in glove’ synchronization between inventory and task execution improves the effectiveness of promotions and new product introductions while reducing out-of-stocks and waste.

RedPrairie has over three decades of experience synchronizing the flow of inventory from suppliers through distribution to the stockroom and onto the store shelf. Many of the world’s best-known and best-run manufacturers, distributors and retailers rely on RedPrairie technology to ensure inventory and materials flow efficiently and accurately through their supply chains so the right products are always available when customers want them.

Although this is a critical factor in retail success, other execution management and workforce management vendors have no experience or capabilities in this area.

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Phase 5 – Unified Workforce

Since an integrated approach and technology is so important to the movement of inventory through the supply chain and onto store shelves, doesn't it make sense to have the same unified approach to managing the people who move, stock and sell that inventory? We call it the Unified Workforce.

RedPrairie offers an integrated suite of workforce management applications that provide a single, consistent view of workforce operations across your enterprise. Thus, you can manage, schedule, monitor and reward all operational personnel using consistent tools, processes and standards. This enables you to budget and account for all labor costs across the enterprise, including those working in your distribution centers, driving your trucks, stocking your shelves or selling and servicing your products. It's a level of enterprise visibility and control unmatched in the retail industry.

Phase 6 – Performance Management

The final phase in any successful program is to measure the results. Advanced performance management technologies can provide you immediate access to meaningful, customized views of operational performance. This allows you to quickly spot trends, uncover problems and take corrective action before they seriously impact results.

While point solution vendors often offer performance management tools, they are narrowly focused on the tasks they control. They have no knowledge of broader workforce, inventory or transportation issues which can seriously impact performance. Thus, your ability to recognize and address the more complex problems that typically cause retail performance shortfalls is severely limited.

RedPrairie's Performance Management system (RPM), on the other hand, has access to the full range of workforce, inventory and transportation metrics to give you the complete picture of everything happening across your enterprise and extended supply chain. This enables corporate executives, finance managers, merchandisers and district sales managers to better understand the impact of pricing, promotions and other merchandizing decisions on sales results.

For example, one of the RPM dashboards provides a market basket analysis of what products are selling together in various regions and stores. Not only can this be used to generate stocking tasks, it can be leveraged to improve product placement, promotions, replenishment and pricing decisions.

Joe Koss, CFO for Culver Franchising System, Inc. says, "Using RedPrairie's RPM, Culvers has been able to bring together the KPI's that we use to monitor and drive our business into a single easy to use interface. We have even been able to gain new insights into a key corporate service levels strategy by analyzing information coming from our point-of-sale system."

Only a comprehensive approach to performance management can deliver this kind of insight.

SUMMARY

The challenges facing retailers are many and complex. Improving execution management is one that is often overlooked. RedPrairie is a leader in delivering value in this area with proven Execution Management solutions, good references, and satisfied customers. But RedPrairie doesn't stop there. It looks at the bigger picture to offer a robust suite of retail solutions that provide a true Platform for Retail Success.

The gap between point solutions and an integrated platform, and the value you will receive, is significant. It's the difference between focusing on a particular problem and focusing on the overall, long-term success of your business. Which do you think your objective should be?

About RedPrairie

RedPrairie delivers productivity solutions to help companies around the world in three categories—inventory, transportation and workforce. RedPrairie provides these solutions to manufacturers, distributors and retailers looking to reduce cost, increase sales and create competitive advantage.

With over 20 global offices providing services to over 40,000 sites in 50 countries, companies trust RedPrairie inventory, workforce and transportation solutions to deliver an immediate increase in productivity—with the flexibility to adapt as business needs change.

At RedPrairie, we understand today's operational demands and we're committed to delivering solutions that work. We're committed to delivering solutions for the real world.

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