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# Demand-Driven Retailing: Blend the Business With Technology Adoption

*by Mike Griswold*

**B**ecoming a demand-driven retailer requires a unique blend of business process maturity and coordinated technology adoption across five strategies:

- Store and cross-channel operations
- Consumer-centric merchandising
- Agile supply networks
- Product development
- On-shelf availability

AMR Research finds many retailers competent in one or two of these strategies, but truly demand-driven retailers coordinate and align all of these critical processes across their organizations. Furthermore, these aligned strategies form the nucleus of a technology roadmap that supports business goals.

## Start by mastering the basics: master data and store inventory management

Progressive retailers recognize the need for an integrated approach to planning and execution supported by a cohesive data and inventory management infrastructure. Recognizing the gap between aspiration and current capabilities, many retailers reorder their priorities and bump master data management (MDM), perpetual inventory, and computer-generated ordering to the top of the technology to-do list. Although very different initiatives, they share several common traits:

- Strong governance processes to define scope, monitor project progress, and clearly articulate business benefits.
- A well-defined change management program that identifies the current practices, outlines the new business process, and creates a work plan that guides organizational migration to the new way of working.

- Subject-matter experts are found to provide insight into requirements definition and understand the current process and technology environments. Longer term evangelists are responsible for implementation and line-of-business ownership.

While technology for data and inventory management challenges are plentiful, keep three things in mind before launching into serious vendor meetings:

- Have a very clear definition of the problems your company needs to solve and know the value of solving them.
- Think holistically about using technology to solve the problem so you aren't faced with integrating multiple point applications.
- Understand your corporate culture and find software partners with cultures that mesh.

## Case Study: Aldata G.O.L.D. helps Midlands Co-op redefine their supply chain

**Midlands Co-op**, the second largest independent cooperative in the UK, needed help. It operates over 160 stores in the supermarket, convenience, and department store formats, with revenue of approximately \$1.4B. But Midlands' existing legacy applications (circa 1993) did not support the growing needs of the business, were not well integrated, and were prone to escalating maintenance costs. It turned to **Aldata** for functionality for central data management, order management, store inventory management, automated replenishment, point of sale, payment systems, and business intelligence.

Midlands was also burdened with an infrastructure not conducive for deploying today's technology.

The solution? Bundling the infrastructure upgrades into the scope of the project and letting the overall benefits cover the upgrade costs. For example, including new hardware and store network upgrades into project requirements does not often affect the projected benefits of large projects. It's critical to have robust financial analysis capabilities to understand the incremental effects of infrastructure upgrades on the business case.

Implementation strategy plays a key role in determining the success of a project. Start too aggressively, and you risk missing dates, delivering inadequate functionality, and creating negative feedback that's difficult to overcome. Conservative approaches may also lead to missing delivery dates as well as delaying the benefit stream used to justify the project in the first place.

The Midlands' textbook implementation approach provides a great example of striking the right balance:

- **Phase 1**—Upgrade the infrastructure and begin creating a coordinated data strategy. Live since November 2007.
- **Phase 2**—Implementation of point of sale, store inventory management, and mobile functionality. Benefits from this phase fund the project. Go-live planned for September 2008.
- **Phase 3**—Automate inventory management and introduce more sophisticated forecasting. Implementation TBD.

Once deployed, Midlands expects to see the following operational improvements:

- Improved ordering efficiencies via automation and minimized manual order reviews
- Increased visibility of supply chain information across the organization
- Increased connectivity across applications, starting with a common view of the data and utilization of improved BI capabilities
- Streamlined invoice matching and accounts payable processes

Do you have an interesting implementation experience? What went right? What didn't? Drop me a note at [mgriswold@amrresearch.com](mailto:mgriswold@amrresearch.com).