

## Merchandising Business Process Transformation

*Assessment of merchandising business process and organizational root causes, as well as development and implementation of an actionable roadmap to support a client's strategic omnichannel model.*



### The Client

A national specialty off-price retailer focusing on brand name, on-trend fashion for women and men, unique home décor, and gifts.

### The Challenge

The client was on the path to full replacement of multiple systems with the objective of resolving several business challenges.

Adding to the change management obstacles inherent with system implementations, the organization was operating within silos and did not have standardized business processes in place. There was also a lack of strategic direction for the business units in regard to driving sales and inventory productivity goals within everyday activities.

### The Parker Avery Solution

The Parker Avery Group conducted an overall process review focused on adding clear business value with quick, meaningful impacts. The team's approach identified root causes with a holistic view of longer-term processes and solution roadmap. These changes provided the client with a solid merchandising business process foundation as they moved into a more strategic omnichannel model.

Parker Avery also evaluated and implemented a new organizational design that supported the merchandising process changes and better enabled company's longer-term needs and initiatives.

Parker Avery activities and deliverables included:

- Review, design, and implementation of a new in-season open-to-buy process, incorporating markdown forecasting

- Organizational design for merchant and planning teams
- Revised and enhanced merchandise planning calendar and introduction of longer-term strategic planning activities
- Review, re-training, and re-implementation of existing allocation and replenishment solutions and processes, including strengthened policy and KPI definition
- New department and class structure, including improved vendor management support
- Executive change management activities
- Design, training, and implementation of new hind-sighting and pre-season strategy processes

### The Result

In the year following the implementation of Parker Avery's recommended changes, the client saw a 280-basis point improvement to gross margin (+\$12M) and a 20-basis point improvement in inventory turn (-\$70M avg. inv.). The client was also able to decommission a legacy markdown solution, saving in excess of \$500K in annual maintenance costs.

The client's President remarked, "We have updated our assortment and improved inventory productivity through reduced inventory levels, changes to receipt flow, and better markdown practices, and Parker Avery has been a valuable partner for us in this journey." Further, the client engaged Parker Avery to assist in continued process work and solution implementation.