



Retailer Boosts Efficiency and Profit with Merchandising Business Process Redesign

Client Challenge

The client is a national specialty off-price retailer focusing on brand name, on-trend fashion, unique home décor, and gifts. The retailer was on the path to entirely replacing multiple systems to resolve several business challenges.

Adding to the change management obstacles inherent with retail system implementations, the organization operated within silos and did not have standardized merchandising business processes. The retailer also needed a more strategic approach to driving sales and inventory productivity goals within daily operations for the business units.

Parker Avery Solution

The Parker Avery Group conducted an overall merchandising business 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. The merchandising business process redesign provided the client with a solid 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 redesign and better enabled the company's longer-term needs and initiatives.

Parker Avery's 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 hindsighting and pre-season strategy processes

RESULTS



MERCHANDISING BUSINESS PROCESSES REDESIGNED



ANNUAL GROSS MARGIN IMPROVED



AVERAGE INVENTORY REDUCED

In the year following the implementation of Parker Avery's recommended merchandising business process redesign, the client saw a 280-basis point gross margin improvement (+\$12M) and a 20-basis point improvement in inventory turnover (average inventory reduced by (-\$70M).

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 for retail solution implementation services and continued business process design work related to the new long-term roadmap.

