



# Is NOW the time to move from Spreadsheets to Software for Planning?

10 practical points to consider.

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# Executive Summary

If your retail company is thinking of investing – or plans to invest – in planning solutions, the path ahead needs to be carefully thought through and making the leap from manual to automation a successful one.

Whilst a large number of retailers are or have pursued the movement from spreadsheets to planning, not all implementations have run smoothly. In fact many have met surprising obstacles along the way.

The main challenge comes from the fact that “Planning” has such a broad width & reach covering so many aspects of bringing products to market. Many retailers have struggled to know which part will bring the biggest benefit and just where is the best place to start. For example, a lot of large retailers have publicised that they are currently delivering Merchandise Transformation Projects but Assortment Planning still seems the hardest part to deliver successfully. Every company starts at a different point in the

Planning processes. Many have different challenges from Assortment, Size and Packing, Allocation & Replenishment or Budgeting. No one route will be appropriate for all especially given a Retailers’ legacy landscape of solutions.

This document shares some of the Insights Island Pacific and Columbus Consulting have gained through our work with numerous prominent retail clients, both in North America and Europe. Many of these clients have now been able to transition themselves from spreadsheets to successful planning solutions.

Why would a retailer move away from spreadsheets to software solutions? Primarily because their customers demand it. Customers want consistent pricing, service, convenience, merchandise availability, and hassle-free returns across their entire experience of a brand, no matter which channel they purchase from.

To provide what the consumer expects, all retailers must think about every aspect of their buying and merchandising processes and how they bring products to market and especially the tools they have to support these processes. There are so many more decisions to make across sales channels with leaner teams and so the tools that supports the business processes must be as efficient as possible to ensure making fast, accurate, effective decisions and be as agile as possible.

In this document, we propose 10 simple considerations to take into account. Then you will be ready to make the decision if “NOW” is the right time to move from spreadsheets to software for planning:





- ▼ What key processes are supported by spreadsheets?
- ▼ Which of the processes need to be amended irrespective of tools due to growth and channel strategies etc.?
- ▼ How are your teams structured? Does there need to be some movement? Does this affect processes and tools?
- ▼ Which of the processes are the first and most critical when moving from spreadsheets?
- ▼ What benefits will you achieve when moving from spreadsheets?
- ▼ Is now the best time for some of these processes and tools to be reviewed and changed? Are there already other projects in flight that should be considered?
- ▼ How do spreadsheets fit into the current IT landscape if there are changes with new tools? How can these be integrated into the IT strategy and roadmap? Where will data be fed from? Etc.
- ▼ Does the Board recognise these challenges? Is there already internal knowledge that investment needs to be made into tools? Are the costs and benefits fully understood?
- ▼ What teams consume spreadsheet data? How do any changes affect them in positive and negative ways outside of Buying & Merchandising?
- ▼ What will be your processes for evaluation and timelines to fully deliver the business benefits? What are the key trends in planning systems that can support the business?

This document explains each of these points. It emphasises current challenges within an organisation regarding over reliance on spreadsheets and how this maybe limiting your growth and ability to implement your channel strategies.

Spreadsheet reliance causes many issues across all areas of retail and this document will focus principally on the Buying and Merchandising teams, but also to the Marketing, Ecommerce and any Channel teams.

## Why now?

A few decades ago being a Retailer was more straight forward than it is today. Customers weren't as demanding and were more loyal. Shopping was often a social experience where retailers could "push" products out to consumers.

Now with social media and the internet, consumers want to "pull" products. They want to shop 24/7 prospectively through a number of channels and have consistent service, convenience, best prices and availability.

Consumers are even more "disloyal" than they ever were, therefore making the retail market even more competitive than ever, consequently retaining customers and making them loyal becomes even more vital. As there is an abundance of products out in the marketplace to persuade consumers to buy even more is becoming harder.

Consumers today are often time-pressured which is why convenience, speed and availability is critical. Understanding what your consumer wants, needs and how they want it is essential to building brand loyalty. Therefore the rise of "commuter commerce" became inevitable with mobility and multiple channels the solution. Consumers are using any available time to be more productive to get more from life and shopping falls into this.

Knowing what consumers want to buy is one thing, quite another to understanding how, where, why, when, and what? What is their motivation for shopping? What customer experience do they expect today and in the future?

The internet has had an overwhelming effect on almost every area of life, no more so as to "The Internet of things" (IoT) make reference to RSS  
<http://www.rsrresearch.com/research/how-excited-should-you-be-for-the-internet-of-things> report from



June 2015, and now RSR Research is conducting another survey for 2016.

For consumers the world is now a smaller place. Before the rise of online, most of us would tend to shop in our local area or maybe make a day trip to a larger shopping mall. Consumers now browse and buy from thousands of retailers virtually anywhere in the world. (Below an example of a graphic we could put in and also shopping touchpoints)

Included in the change in consumer behaviour is the



higher frequency of shopping despite the approach being more considered. Consumers have become researchers as they do their homework online before purchasing i.e. asking friends online for feedback and checking social media. The appetite is for more and more new products, brands and experiences with the celebrity culture and media blogs being strong influencers. Ironically the fastest growing trend is consumers selling to consumers.

Two key trend factors today are the personal consumer experience and the power in word of mouth. Reviews are now creating a cycle of self-reinforcement. More and more reviews are being posted, more and more people are reading them. Your feedback is valued and this is picked up by potential new customers researching information.

Brands that become "stale" face a difficult road ahead. Newness and freshness in both products and experience is key, as is brand identity and heritage. But ultimately it is about choice and the world is your oyster.

## 10 points to consider

If you feel the time is now right for you, the following 10 points are for consideration and to help create a plan of action which will ensure first things first to help evaluate and deliver the right tools for your business, moving you away from a reliance on the spreadsheet.

To help decide if moving from spreadsheets to planning is for you, let's walk through these questions one by one and look at the practical, meaningful and valuable learning points.

### 1. What key processes are supported by spreadsheets?

Research shows that 99% of businesses understand the importance of having a data strategy, but a lack



of data quality control is still resulting in organisations experiencing data errors and breakdowns, mainly because the bulk of key business processes are actioned using Excel. They concluded that 75% of businesses are wasting 14% of revenue due to poor data quality.

Most Retailers would agree that it is key, as a first step, to understand what are the main processes supported by the use of spreadsheets and if this is too risky for the business to continue in this fashion.

Therefore, it would be recommended to perform an analysis within the business of these processes, how consistent are the spreadsheets that are being used, are they used by many different people and therefore is there a lack of consistency and data integrity that is discreetly causing the business revenue losses?

## 2. Which of the processes need to be amended irrespective of tools due to growth and channel strategies etc.?

As retail is doubtless constantly changing, how do you cover the many dimensions and channels? Fashion customers demand constant innovation and newness resulting in "fast fashion". What is a season now or does the 2-4 season buying model still work? As buying more phased drops creates an increased complexity, can this be supported with spreadsheets? Are you having to redefine the business processes?

It is now critical to be able to execute your seasonal process efficiently and automatically, more SKUs, less quantities, all managed in one place easily. Many retailers are assessing their supply base and critical paths to ensure shortened lead times, quicker speed to market, aspiring to the "Zara model", where even the garment finishing might be performed on the boats as they move products around the globe.

So which processes need amending first and therefore would welcome movement from the spreadsheet?

To ensure your customers get the right product at the right time, decisions have to be made about the critical path, product development, Open To Buy and reactions to trade. It is key, like with point 1 to identify where the biggest benefits are for the business whilst

retaining the DNA.

## 3. How are your teams structured? Does there need to be some movement? Does this affect processes and tools?

As retailers have moved into different channels, often structures have grown organically, maybe Ecom or wholesale were managed by separate teams initially as the revenues were small. However, as the web starts to become around 10% or more of revenue and wholesale or franchise starts to become more important, retailers then need to start assessing structures.

Does it make more sense to have all stock managed by one Merchandise team irrespective of channel? As you move internationally, should there be "global buyers & designers" that understand the products required for all markets or will you segment by geography? What does this mean for KPI's, global retail prices, margins, cost price negotiations and global buying quantities?

There does not seem to be one generic answer that fits all, as it comes down to analysis of your business and the growth strategies planned. More retailers seem to be moving to one vision of global stock and therefore one owner with one vision of the customer. So again what does this mean for your processes and the tools that you need to support these? Many are recognising



they are starting to outgrow spreadsheets also due to international strategy.

#### 4. Which of the processes are the first and most critical when moving from spreadsheets

So in point 1 you have documented what processes are supported by spreadsheets, now you need to understand the priority of movement?

It is key to distinguish which have outgrown Excel and therefore need to be moved to a more stable platform to ensure data integrity and reduce risk. To help with prioritisation think about:

- ▼ Where data integrity is the biggest issue e.g. range planning or line details?
- ▼ Where there is the biggest diversity from a standard common spreadsheet for a single business process or has each user got their own version?
- ▼ Where is data not used effectively to make best practice decisions?
- ▼ Where are the processes the most manual and therefore most time consuming so productivity could be increased?
- ▼ Where is there no confidence in the data/reporting?
- ▼ Where is there the lack of flexibility to manipulate the data – aggregate/de-aggregate to make vital business decisions e.g. ability to get consolidated positions?
- ▼ How hard it is to share information accurately around the business due to the nature of the spreadsheets?

- ▼ Then create a score for each of these points that will help you prioritise

The rule of thumb is 75% of businesses are wasting 14% of revenue due to poor data quality. Will doing nothing change this? As Albert Einstein said, the definition of Insanity is, “keep doing the same things over and over again yet expect a different outcome”.

#### 5. What benefits will you achieve when moving from spreadsheets

Most businesses today understand and can articulate the benefits of moving away from spreadsheets, some are hard financial reasons and others are softer.

Many of these can be drawn out from the prioritisation processes above.

Examples of financial returns are:

- ▼ Perform a time study to understand how much of your working week is lost to time spent checking for accuracy, aggregating data from disparate systems and consolidating information so increased efficiency and productivity, can you afford to waste even 1-2% of revenue due to poor data quality?
- ▼ Speed to market – research has shown that 1 week shortening of the critical path can lead to a ¼ to a ½% increase in margin
- ▼ Reduction in markdown costs due to more accurate planning of right stock, right place, right time. Research details between 2-5% reduction in costs through more accurate planning

Softer benefits can be seen around:



- ▼ Retaining talent – many retailers have already moved from spreadsheets to other platforms and therefore your teams expect this and so to retain your talent, solutions need to be invested in. This results in more productive teams, higher user acceptance and lower recruitment costs
- ▼ Training and development – many bad practices or inconsistent processes take place when spreadsheets are used and therefore your teams are not developing an understanding of the best business processes, so there is a lack of development and succession planning
- ▼ Reduced risk through one version of the truth being used throughout the business

## 6. Is now the best time for some of these processes and tools to be reviewed and changed? Are there already other projects in flight that should be considered?

Due to the agile nature of retailing, many retailers have numerous projects on the go at any one time. Having a transactional website, fulfilling web orders from store stock, moving internationally through Ecom, owned store or franchise to name but a few.

It is critical therefore to access what is going on within the business currently and how much change can be supported to ensure that these new tools land successfully within the business.

Will the biggest benefit come from a more efficient PLM (Product Lifecycle Management) process that shortens leadtimes and brings products to market quicker? For many fashion retailers much of the work towards ensuring a successful season has to be done months before the ranges are launched especially for a private label. Stock for a summer season will have to be planned and ordered only a few months into the current corresponding season so any reduction in the critical path will help speed to market for more accurate and informed decisions. Although most of the planning is done in advance, users still have the ability to change the “plan” in the

allocation stage. This “moment of truth” (or final button push) comes when the season is about to start and you are making an initial allocation to the stores. Getting this allocation wrong can lead to availability problems in some stores (resulting in lost sales), and overstock in others (with huge markdowns to follow). It is possible to not allocate so much in the initial allocation and implement a “push-pull-push” processes to maximise sales and reduce markdowns.

Open To Buy visibility can be the biggest issue and so implementing a WSSI (Weekly Stock, Sales & Intake) solution is the key priority. It might be vital to drive the key KPIs: are your products selling as planned, are there shortages or excesses, do you need to take action in order to achieve your goals?

Products may have been dual sourced and so it might still be possible to place additional orders for those products, and manufacture them closer to your markets for a shorter lead time but a higher price, particularly if the additional volume is high enough. This can be hard to achieve but not impossible and therefore that is why it is crucial to monitor performance and have early automatic warnings.

But even if you can't add to your inventory of 'product', there are still three other P's at your disposal – Price, Promotion, and Place. At the end of the season there are



markdowns or replenishment decisions to be made i.e. deciding when, and by how much, to cut prices in order to maximise margins or replenish to certain channels/stores and not others. A clear view of products that will sell out of their own accord in certain locations, and those that are likely to need help could be critical.

## 7. How do spreadsheets fit into the current IT landscape if there are changes with new tools? How can these be integrated into the IT strategy and roadmap? Where will data be fed from? Etc.

Retailers who carefully plan their roadmap so that whatever technology they choose will support their overall strategic plans are the ones who tend to succeed as opposed to those who don't. While it may not be possible to achieve everything you want to immediately, creating a development roadmap will help ensure future plans are kept front of mind.

Consumers value substance. There are only two ways to achieve substance. One is tough and takes a long time: Become a truly multi-channel retailer joined up seamlessly on all channels and able to quickly adapt to change. The other is to only launch services that do the basics really, really well.

Everyone would agree that the more accurate information you have to make informed decisions and the earlier you act, the more time you have to plan and execute any promotional strategy or rebuys and that's likely to work out both cheaper and more effective.

Irrespective of tools there are two golden rules of seasonal

success; focus on the important stuff, and act early.

## 8. Does the board recognise these challenges? Is there already internal knowledge that investment needs to be made into tools? Are the costs and benefits fully understood?

Many Boards recognise that Retail is turning a new leaf and agility is the key. Low value retailers such as Poundland are trialling Ecom. Pure-play retailers are investing in space on the high street.

John Lewis have been quite vocal, that 'free' collection is unsustainable for low value orders. Once again you are questioning what is the new norm?

There is talk of introducing younger and younger executives into the boardroom to share the way younger people are using technology to communicate and shop. How do you cater for the Millennials or Gen Y and what will Gen Z want?

Historically it was easier for pure-play retailers to select newer, more cutting-edge systems but now high street retailers are catching up. Boards are realising that services that customers demand, such as express click and collect, personalised services and real-time stock are critical to support in this new norm.

There is no time like the present to take advantage of faster delivery, lower friction transactions and excellent customer service which are at the core of retail. Gone is the concept that there are retailers that do multi-channel and those that don't. It is just retail.

Web. Mobile. Social. Apps. This is now just "shopping" to your customers. There is no longer the separation between retail channels as it is blurring day by day.

However it is still dangerous to move too fast. Your customers value substance. Some retailers that started the multi-channel journey a few years ago maybe be able to deliver a truly multi-channel retailer joined up seamlessly on all channels and able to quickly adapt to change. However many are still trying to just launch services that do the basics really, really well.

Therefore it is vital to get these simple messages clearly



communicated to your board to get investment in the right tools and processes for you and keep happy, satisfied and therefore loyal customers.

## 9. What teams consume spreadsheet data? How do any changes affect them in positive and negative ways outside of buying & merchandising?

Buying, design and merchandising teams are the hub of supplier & item development and purchase order creation which is why they often have a plethora of spreadsheets to support these processes.

These usually form the basis of data that is consumed by "internal customers" within the business. For example marketing, visual merchandising, direct, international and retail ops, the list is endless as product is one of the critical components of retailing.

Spreadsheets present a number of challenges i.e. with out of date products and how changes are communicated. It would be ideal if the Product Lifecycle Process was linear with no changes taking place along the way but we all know this is not real life within retail. External factors can affect costs prices (Brexit and currency changes), weather with raw material prices etc.

Elements do change which is why tools are needed to support these changes and ensure all consumers of this data can be updated with changes easily and effectively to ensure i.e. a catalogue is printed with correct retail prices and compositions.

The processes of analysing "why now" is critical to

understand how many changes and touch points there are in the process and how many internal customers consume the data to understand priorities of movement away from spreadsheets.

## 10. What will be your processes for evaluation and timelines to fully deliver the business benefits? What are the key trends in planning systems that can support the business?

The big questions are "why now"? Is there anything new out there that can support my growth strategy? The world is full of "Smart" devices. Is there "Smart Technologies" with "Smart Processes" that will help you deliver your growth strategies agilely & successfully with minimal pain and disruptions to trade but with high value impact for your customers?

We trust and hope the 10 key steps detailed above go some way to help decide if this is the right moment for you.

In summary, the key is to focus on doing a few things well and putting the customer first, at the front of those decisions. What impact will moving from spreadsheets to tools have on the customer and are there new innovative tools out there that will deliver true value whether that be in producing a better product or delivering it at the right price or promotion and making sure it is in the right place at the right time.

Be agile and make changes in the right places for your business and be realistic about delivering the best results for your customers in the right timescales.



Asses the market place for tools that deliver to your priorities. Just as your customers want to buy products from retailers they can trust, the principle is the same when buying software from vendors that must deliver to expectation. Cultural fit between the business and innovation is key to delivering the right tools. People buy software from people.

IT projects will have bumps along the way but the key to successful delivery is communication and agility to deliver tools easily to users with the least upheaval and change management. Most important though is to see the big picture of technology progress and embracing it openly.



By Island Pacific in collaboration with **Charlotte Kula-Przewanski**, Partner & Director of EMEA at Columbus Consulting International

# About Columbus Consulting

Columbus Consulting was founded in 2001 with a vision of being a high quality consulting service provider in the retail sector. Our vision was never to be the biggest practice, but rather to provide superior services in a unique manner. Our mission statement reflects our vision of delivering outstanding results for our clients and ourselves.

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