



## Retailers Reduce Store Execution Missteps With Task Management Technology

Friday, March 11, 2005

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Retailers are increasingly using the store experience to distinguish themselves in the market. As such, bridging the gap between headquarter-led strategies and store-level execution continues to rise as a strategic priority. Whether applications are referred to as task management, store execution management, or task compliance, they are much more than enterprise to-do lists. These applications are creating an entirely new level of retail operational consistency where it matters most—the store experience. While early returns are very promising, the opportunity for further improvement is dramatic. Benefits from early adopters include increased promo compliance, productive labor, and satisfied employees, and this has resulted in noticeable margin improvements.

**The Bottom Line:** Task management software is a vital piece of a retailer’s store operations platform because it directly manages cross-functional workflows between corporate merchants and widely distributed store locations.

**What It Means:** A retailer’s brand value is best represented when the customer is actually in the store. Why is fulfilling brand execution consistently so important? How about this: the average customer looks elsewhere after 2.3 negative experiences, which include various store missteps such as out-of-stock products or difficulty with a store employee. With customers who are dissatisfied taking potentially hundreds of thousands of spending with them to a competitor, you quickly see the impact on future earnings.

While they know a litany of different problems create negative customer experiences, 80% of retailers have never effectively measured their store operations to determine where the biggest problems are. Before using task management software for compliance monitoring, executives at one Tier 1 retailer believe 65% of their stores complied with promotional plans, but they weren’t even sure which stores complied and which ones didn’t. This significant breakdown—and the negative economic impact it causes—is prompting retailers to push variability out of store-centric execution so that every store is consistently performing at the highest level.

To ensure consistency over the long term, retailers in a number of segments (most notably grocery, department stores, and big box specialty) are implementing practical task management to handle important store execution scenarios.

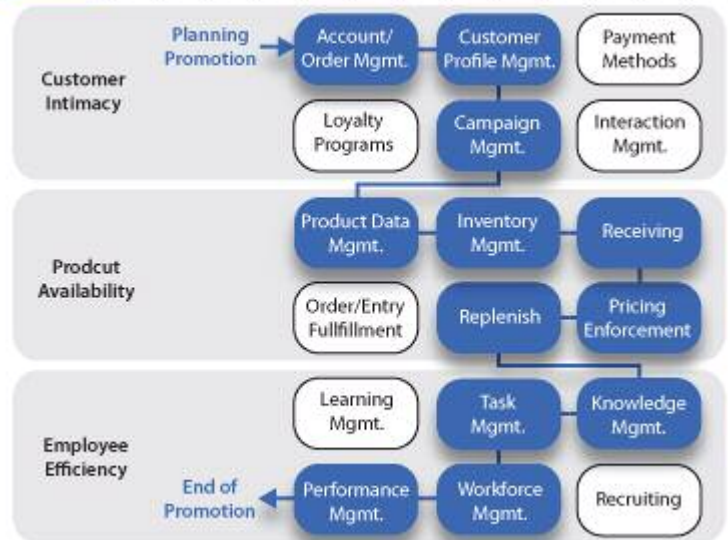
Here are examples of how these are being applied today.

### Making back-to-school promotions successful every time

Promotions rule many retailers, and back to school is an important time of year when retailers try to build momentum for the holiday season. Using the Six Sigma Retailing model as an illustration framework (see Figure 1), the following shows how task management technology can help ensure consistent execution for a back-to-school promotion:

- **Customer intimacy**—During planning, buyers work closely with marketing to identify the target audience, ensure digital images are procured for creative materials, and develop a strategy, production schedule, and calendar. Marketing must also coordinate with the warehouse so it knows to expect the creative materials and can plan resources accordingly.
- **Product availability**—Well before the promotion hits the stores, buyers and marketing must work closely with planners to ensure inventory is allocated based on demand. Prior to the promotion start date, each store must receive the product and promotional materials, and the Point of Sale (POS) must be updated to enforce the appropriate promotion pricing rules. Because promotions generally have a small sales window, inventory must be managed closely, and sales data must be synchronized with the home office and warehouse to ensure responsive replenishment.
- **Employee efficiency**—Prior to the promotion, store associates must receive the training materials for the promotion. Reviewing the materials will be one of the many tasks that the store must execute (others

Figure 1: Promotion workflow scenario



Source: AMR Research, 2005

include stocking shelves, hanging signs and labels, and marking down other products). Managers will need to schedule employees according to customer-service levels and mandates from the home office. Performance management throughout the promotion may identify areas of improvement, and analysis after the fact will help tighten up processes for next time.

**The Takeaway:** Weaving together these independent processes ensures streamlined operations, more automated workflows, and enterprise compliance visibility. Task management applications act as a process and data management bus, bringing together what was once independently functioning staff and technology.

### Key components of task management software

Task management software is more than just a project management application. While the usability must be straightforward, the underlying technology that comprises the product must contain the following vital components:

- **Labor management model**—While it should be the same one that is used to provide parameters for the workforce management application, this model provides definitions about what a task is, and who is available to perform it. It maintains associate credentials, preferences, and performances along with job task requirements and labor standards.
- **Defined business processes and templates**—It is vital that a software partner understands retail, and has prebuilt templates for common execution activities. The workflow must be configurable by actual users (merchants, store managers, and such) except when deep data integration is needed, and a library of templates should be able to be stored for future use. Management by exception is important when orchestrating store operations dispersed throughout the country, thus alerting, reporting, and escalation must be baked into the system. While most retailers initiate business processes manually, the system should be able to trigger workflows directly from machine generated tasks. For example, if a markdown application recommends a price reduction for 30 products, it should send an event to the task management system so price changes are made in the POS and shelf labels for just those stores affected.
- **Integration into labor forecasting**—Store employee tasks assigned by the home office (representing approximately 60% of their workload) must be captured and quantified alongside customer demand data to determine the appropriate labor allocation between the two. Feeding granular task information into forecasting and scheduling systems will accurately determine how much labor is needed at the appropriate day and time, along with the most qualified associate, for those particular tasks.
- **Enterprise-level capability**—While these applications certainly focus on store execution, the application must also be capable of bridging the gap among home office, warehouse, and supply chain processes. The vice president of store operations or systems has, historically, been the buyer of this technology because plans tend to fall apart as execution continues. But stores would best benefit if home office planning activities had a more regimented workflow.
- **Usability and personalization**—The biggest user of this software will be store associates and managers. With turnover in store labor at between 50% and 150% annually, it becomes increasingly difficult and expensive to train new people on internal systems. The software must shield its deep functionality in an associate-friendly user interface. Personalization is also important, and the labor management model will guide the assignment and applicability of tasks. A major value proposition of task management is that task communication can be localized to affected resources, not shouted to everybody throughout the chain. The home office can direct specific regions, roles, or individuals to prioritize and execute tasks.

Because retailers are so entrenched in the current way of doing business throughout the enterprise, senior executives have to do extensive change management and process reengineering before technology such as task management is introduced. In previous implementations, retailers created gatekeeper functions that governed all tasks being asked of the stores—they then pushed back if capacity thresholds were reached. Others mapped out processes and got buy-in from respected individuals within various parts of the organization. One retailer issued a mandate that no one was allowed to circumvent the new process, and stores were directed to ignore any directives not conveyed through the new task management workflow.

**The Technology Landscape:** While two upstart task management software vendors, **Reflexis** and **StorePerform**, continue to log Tier 1 client success stories, the space remains fertile ground for proactive enterprise retail software vendors willing to introduce similar products integrated with their other applications.

We summarize the vendor landscape as follows:

### The Leaders

Reflexis, which launched a labor forecasting and scheduling module in 1Q04, is the first vendor to provide data and process integration between task and labor scheduling. Boasting long-term clients such as Dunkin' Donuts, Home Depot, and Staples, Reflexis continue to gain momentum with wins at Marks & Spencer, Pep Boys, and Target. StorePerform continues to gain significant traction as well, with flagship customers that include Albertsons, Best Buy, Borders, Lowe's, and Sears. Clients have reported significant improvements in store performance using the *Workbench* product by increasing visibility of projects and removing paper-based communications.

### Others to Watch

- **Niche vendors**—**RW3** has traditionally provided Consumer Products (CP) sales teams with the promotion-centric information they need to enforce promotions, garner more business, and identify additional opportunities. For example, when the corporate office agrees upon a promotion with a retailer, the information is applied to each store and passed down to the individual sales reps or independent

brokers to ensure compliance. RW3 is capitalizing upon this domain knowledge to target retail. Besides key supplier customers such as PepsiCo, Nestle, and Sony Computer Entertainment, RW3 just landed a significant deal with a leading grocery retailer. **BlueCube**, a leading workforce management vendor, has released the first version of *Task Manager* in the fall of 2004, and **Plumtree**, a leading portal vendor, recently announced its *High-Performance Store Management* application to provide a business process application within its portal framework. **CommerceQuest**, with its deep routes in business process management, has created retail-specific workflows with its *Traxion* product to simplify new store openings, improve flow of information between home office and stores, and provide a performance dashboard.

- **Enterprise vendors**—While point products have had the earliest success, AMR Research encourages retailers to question their enterprise software providers as to their intent regarding building similar execution management capabilities into their core systems. It would complement existing functionality, lessen system integration, and create a single-user interface into critical enterprise information. For example, customers of vendors such as **SAP**, with its workforce management, merchandising and—if it acquires **Retek**—store operations, would benefit from task management functionality to integrate these processes. **JDA** users could benefit from a technology to bridge their portfolio of products. And, users of **360Commerce**, with its broad store operations footprint, would benefit from this technology.

**Conclusion:** As with other process management software implementations, field personnel (in this case, store employees) may express some concerns about being so closely monitored. However, the deepest resistance will be found at the home office. Retail task management confronts head-on the lack of communication between merchandising and other department heads. It requires timely and accurate information and holds individuals responsible. While quickly changing a merchant's core retail principles is difficult, the broad benefits from this technology from early adopters are significant: as big as a 50% lift in promotional sales; 33% reduction in creative material, training production, and courier costs; and two- to three-fold improvements in store promotional compliance levels.

Beyond these exciting benefits from early task management implementations, the real value comes from a long-term ability to inject process and action-driven task management into a wider set of enterprise retail functions (from the supply chain through the store). Those that succeed will quickly be leaders by allowing more technology to create simultaneous top-line and margin growth.