

An Ingenuity Journey to Set ROI and Benefits Tracking: Before, During, and Continuing After Project Implementation

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ABSTRACT

It is becoming increasingly competitive within organizations to prioritize capital and operational funds for new projects. As business owners and project sponsors, it is our responsibility to create the business case for project funding, and equally important, to update the organization on the ROI and Value of the software investment along the way and as an ongoing future cadence.

For many, the challenges are....*How do we get started? How do we measure effectively? How do we operationalize the process to be efficient and repeatable?* Retailers and wholesalers invest heavily in technology, people, processes, and data to create relevant assortments across channels. While technology and vast amounts of data help localize assortments based on customer preferences, product attributes, and store performance, it's impossible to complete the assortment planning process down to the most granular level of size. The ability to manage millions of size and store combinations is burdensome, not scalable, and not precise. Valuable time and effort is spent creating detailed, insightful assortments only to marginalize those assortments by applying corporate averages of size selling for the purchasing and distribution of sizes to locations. The result is missed opportunity: disappointed customers, lost revenue, and lost profitability due to missing sizes and markdowns on abundant sizes. This paper shows how retailers and wholesalers can transform historical sales data into true size demand and determine the optimal size demand profile to use in the purchasing and allocation of products. You do not need to be a data scientist, statistician, or hold a PhD to augment the business process with approachable analytics and optimization to yield game-changing results!

THE REALITY OF MISSED OPPORTUNITIES AND THE ASSOCIATED VALUE

Top challenges retailers currently face are reaching sales targets - profitably, investing in the right inventory, and in-stock positioning to meet customer demand in an omnichannel marketplace. To meet these challenges, we need the ability to estimate actual customer demand. Ordering and allocating too few of a particular item results in stock-outs and lost sales, while ordering or allocating too many leads to markdowns that affect profitability.

What percentage of customers leave without making a purchase as a result of a size being out of stock? Our organization wanted to know how to capture and measure this lost potential.

Our journey included the opportunity to localize assortments through size precision with results to achieve:

- Sales, inventory productivity and margin increases.
- Interconnect assortment management to follow through ultimately to allocation execution.
- Easy-to-use solution that fits within the current organization and business processes.
- A quick path to value and return on investment.
- Measuring insights and results.

During the pre-season planning process, merchants and planners create financial plans by product category to achieve the company's strategic financial goals. The teams identify product trends and attributes that will drive the plan. At the same time, size profiling assessments are conducted for product

categories and attributes that are most relevant to the planning periods for creating location-based, product-size demand profiles. The size demand profiles are then published in the SAS profile library for creating purchase orders and allocations.

When pre-season plans are approved and the assortment plan is created, the selection of specific products based on the depth and breadth of demand are adopted to meet the targets of the merchandise financial plan. SAS Size Optimization integrates with the assortment planning solution to eliminate having to manually enter information from the assortment plan (product, intended locations, and delivery periods). Based on these factors, SAS Size Optimization automatically selects all relevant size-demand profiles that meet the criteria and highlight the best match of the item being bought in the assortment plan. The assortment plan quantity of each item is now accurate at the size level to optimize the inventory investment of the buy while keeping the total buy quantity neutral.

When the results are approved, the information is loaded directly to the purchase order management systems to automate the purchase order entry process. This has provided significant financial results, efficiencies, and accuracy within the organization as well as build the user business process adoption.

MEASURING THE RESULTS

For the Academy Team, the object was to start early within the project to define the business case. It was important to align the business case and benefit to our strategic goals. The team collaborated to identify the business benefit from both the quantitative and qualitative perspective including tangible and soft benefits. Tangible benefits included the value/benefit of the *'Power of One' (or Many)* and how that aligned to the organization's business goals, Soft benefits included increased productivity and streamlining the business process to improve efficiencies and increase the capacity of our team.

It was influential for the team to understand Executive Leadership was part of the process to support the project and business case; thus providing guidance and align the project to the strategic goals. Knowing that the Leadership Team was onboard and part of the process fostered adoption for the balance of the organization.

The next steps of the process was to identify the project team to be involved in the process. This further helped to create project adoption, ownership, and thus the benefits. Collectively as an organization, the team defined and aligned clear KPIs and how to measure the value/benefits. The KPIs aligned back to the strategic goals. With this specific project of improving size precision to increase revenue and profitability, the team determined the corporate size sets within the apparel and footwear divisions. The next phase was to identify how the key benefit (s) would be measured along with the frequency. That led to then shaping what the benefit measure would look like and how to communicate throughout the organization.

As part of measuring results, it was also essential to measure the adoption rate of the teams. The design of an adoption tracker identified how the teams embraced the new process and technology. This provided Leadership with the correlation facts between adoption and results. For those areas of the business that did not have an initially strong adoption score, it became valuable to understand the 'why' or what appeared to be the adoption 'roadblocks'. These insights helped the organization to identify and work together to solve and ultimately increase the adoption rate. The correlation....**increased adoption leads to increased benefit**. This is an additional measurement, not initially set out, that has become a constant in the process and is **driving continued value** improvements.

Establishing this vision early in the process provided a clear direction for the entire team throughout the project and continues through today.

CONCLUSION

If sizes are out of stock, you forfeit the sale and disappoint (and potentially lose) customers. And marking down overstocked merchandise reduces your profitability. The ability for you and your teams to truly optimize and localize assortments at the size level has been beyond reach for too long.

The Academy Sports and Outdoors Team is now solving the final, most critical stages of the assortment planning process resulting in inventory precision through the SAS Size Optimization solution along with SAS Assortment Planning. The ability to understand true demand, not just sales history, provides the opportunity to better understand our customer behavior and create optimized profiles to place orders. The results include reducing stock-outs and margin erosion by having the right sizes in the right locations and increasing higher price point sales.

To summarize....If you were to ask ...*'How did The Academy Sports and Outdoors Team measure results of your investment'?*

Our strategy included....

- Start Early to define the Business Case
- Establish Leadership Sponsorship
- Identify the Team to help make it happen
- Define clear KPIs and Measures
- Design the Approach

It's key to remember this is not a one-time process or exercise. Measuring results and the benefits must be an ongoing process including Operationalizing the Process and Setting the Cadence.

This enables the continued value to be had, through review and further refinement. It is also significant to acknowledge the progress and the correlation between process adoption and results....*to Measure, Communicate, Reward.*

CONTACT INFORMATION

Your comments and questions are valued and encouraged. Contact the author:

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