

## Build Smarter Operations

10 strategies for managing retail performance



This document describes the IBM Cognos product and portfolio roadmap and strategy over the next several years. This document is a representation of forward-looking events, based on business conditions as we currently know them. IBM reserves the right at its sole discretion to change or adjust strategies based on business needs as they arise<sup>1</sup>.

# ***IBM Cognos software is right for retail***

*Never run a company that has a cash register.* That's what they tell you in business school. Why? Because retail is challenging, and it always has been.

But smart retailers know how to thrive. And IBM Cognos software can help. This guide provides practical strategies for making your stores and channels smarter, faster, more effective and more profitable. And it introduces you to IBM Cognos retail performance management, which is bringing new efficiency and profitability to retail operations of all sizes, in all markets.

## **Turn insight and decision-making into retail gain**

Manage operational costs. Improve store performance. Transform business insights into bottom-line results.

Know what products are in demand and how customers are shopping across your channels. And drive profitable growth. All by making smarter, more collaborative decisions at every turn.

IBM can help. We combine proven performance management software with retail expertise. We deliver scorecarding, reporting and analysis, and planning tools – to optimize performance. We help you deploy sooner and maximize ROI.

And our retail Performance Blueprints provide the best practices and tools to help you achieve specific goals – whether you want to improve store operations, plan marketing and promotions, align merchandise supply with demand or invest in stores.



## Manage performance in a weak economy

In this tough economy, it may be the best time to implement a performance management solution. The right solution will help you manage risk, reduce costs, find and maximize revenue opportunities, and control your business more effectively.

Visibility and control are essential in charting a successful, profitable path through the economic uncertainty that's likely to be with us for another year or more.

## Customers worldwide improve performance and profitability

Ask the retail executives around the world who already rely on IBM Cognos software. Is retail challenging? Yes. Can we help? Yes.

Read on to find out the 10 strategies for managing retail performance:

- 1.** Improve store operations
- 2.** Make promotions and marketing more effective
- 3.** Align merchandise planning with strategy and customer demand
- 4.** Bring new efficiency to your supply chain
- 5.** Manage multi-channel operations for higher sales and margins
- 6.** Understand behavior and connect with customers
- 7.** Align your teams and tactics with company strategy
- 8.** Model the financial impact and risk of business decisions
- 9.** Monitor performance against targets
- 10.** Turn standard reports into actionable analytics

## 1. Improve your overall operations

Store operations are at the core of retail – whether it's a storefront or online. IBM Cognos solutions help you monitor the key metrics that mean the difference between effective store operators and those that need help. By providing clear visibility into day-to-day store performance, IBM Cognos solutions help you make informed decisions quickly. The kind that help you thrive in the competitive world of retail.

**Retail is about collaboration.** From store managers to corporate, everyone has to collaborate to ensure the best service and highest profits. With IBM Cognos solutions, the entire team understands sales, promotions, staffing levels and other key controllable costs. Our solution gives you best practices for managing store operations, and allows your managers to view performance from the Web, a desktop or a handheld device.

*Find out more*

Hear how **Steak n Shake** uses IBM Cognos performance management to sustain store sales growth and achieve market expansion.

>> **Listen to the [podcast](#)**





## 2. Make your promotions and marketing more effective

Marketing and promotion costs add up to major expenses for most chains. You want to drive the highest possible returns. IBM gives marketing and merchandising managers the tools they need to remove the guesswork. With IBM Cognos software, they can model scenarios, analyze results, evaluate the success of promotions or marketing efforts and much more.

### **Turn marketing knowledge into profitable growth.**

Start by leveraging past promotion and marketing experience, which can help you determine where to allocate spending. Implement and adjust the promotional mix quickly—based on real performance

data and consumer response. Stay on top of the latest market trends—and keep well ahead of the competition. And create actionable reports that chart the effectiveness of your promotional and marketing activities.

#### *Find out more*

Discover how the ***Promotions Planning Blueprint*** helps you allocate marketing spend and analyze the success of your promotions.

>> Read the [white paper](#)

### 3. Align merchandise planning with corporate strategy and customer demand

Meeting customer demand used to depend on intuition to detect subtle shifts in retail trends. Not anymore. With IBM Cognos business intelligence and planning tools, you can create a solid, integrated merchandise sales and gross profit plan that maps to your corporate strategy and meets customer demand. Synchronize your plan with finance, operations, marketing and other units. Develop department or category-level plans for sales, cost of goods, gross margin, and inventory.

**Merchandise planning never stops.** With IBM Cognos solutions, you can measure and compare planned versus actual performance on an ongoing basis – by department, category or channel. Analyze the results, and then use what you learn to inform your merchandise decisions. Get meaningful year-over-year comparisons and projections. Satisfy your customers and boost your sales. Balance supply and demand. All while protecting your margins. Top-down, bottom-up planning makes it happen.

*Find out more*

Learn how you can meet sales objectives and profitability goals with a merchandise planning process that synchronizes with finance and operations.

>> **Read the [white paper](#)**

#### 4. Bring new efficiency to your supply chain

In the fast-moving world of retail, your supply chain has to be nimble, efficient, and lighter than air. Supply chain management is an area where IBM Cognos software excels. We help the world's largest companies manage the most extended, complex supply chains. So we can bring efficiency gains to your organization's supply chain.

**The defining quality of retail is speed.** Your supply chain has to respond to the ups and downs of consumer demand. You have to be able to manage supply and demand effectively. To do that, you need exceptional supply chain visibility. With IBM Cognos software, you can see inventory, spend, profitability, and more. We give you the business intelligence you need to keep inventory levels down, respond quickly to shifts in demand, create accurate forecasts and beat

the competition with a key differentiator—real supply chain efficiency.

*Find out more*

See how global supply chain management leader **arvato services** developed an IBM Cognos-based vendor managed inventory (VMI) system that helps retailers optimize inventory management.

>> [Read the case study](#)

#### 5. Manage multi-channel operations for higher sales and margins

Multiple channels are the way to reach more customers, quickly. But keeping many channels operating efficiently requires more than juggling abilities. It requires business intelligence to help ensure each channel is effective.

Know your channels better to keep sales and margins high, helping you optimize channel profits. And understand customer purchases across channels. It brings you actionable insight into sales activity, expenses, and other key metrics within your channels. And it helps you monitor, identify, and analyze trends and consumer behavior across all channels. IBM Cognos solutions help managers make smarter decisions—and maximize every channel, every day.

*Find out more*

Explore cross-channel optimization and how it can help you increase consumer loyalty and drive revenue growth.

>> [Read the IBM Executive Brief](#)



## 6. Understand customer behavior across the chain

Understanding customer behavior requires knowledge and insight. IBM Cognos software helps you monitor, measure and identify trends in customer behavior.

With this knowledge, you can make decisions that help attract and retain the crucial commodity that every retail operation relies on – committed customers.

**Customers have more information available than ever.** Customers are smarter, more cost-conscious and more aware. Understanding your customers requires ongoing analysis of their behavior. Only then can you know how to reach them, market to them and keep them coming back. *More customers, buying more, more often.* It's the formula for higher sales. With IBM Cognos solutions, you get the detailed customer information to make it happen.

*Find out more*

Find out how casino giant **Harrah's Entertainment** uses IBM Cognos solutions to increase revenues, develop more effective marketing programs, and serve customers better.

>> Read the [case study](#)



## 7. Align your teams and tactics with retail strategy

Many retail organizations have disconnected systems and processes, channels, and different departments working in parallel. Acquisitions and global expansion further complicate things. Ideally, everyone should be working toward common objectives and goals. And following a consistent business strategy, IBM Cognos software helps you coordinate planning and measurement across the chain so you can boost sales, margins and market share.

**Ensure everyone is on the same page.** IBM Cognos solutions help you coordinate and integrate your teams, from merchandising to finance to operations to marketing. Set, measure and monitor key performance metrics. Ensure ownership and

accountability. And keep everyone working together.

With IBM Cognos solutions, your organization is connected and coordinated—and more aligned with your retail strategy.

*Find out more*

Coordinate planning and measurement across the chain with the *IBM Cognos Retail Financial Workbench and Scorecard Blueprint*

>> Read the [white paper](#)

## 8. Model the financial impact and risk of business decisions

The realities and thin margins of retail aren't forgiving when it comes to the wrong decision-making. Your chain has to make the right decisions all the time. And it has to be able to envision the outcomes with clarity.

**IBM Cognos solutions can be your test store.** Our integrated planning and measurement capabilities let you perform “what-if” analysis to determine the impact on the bottom line. And you can model business scenarios to assess the financial impact of your decisions—*before* you commit your organizational and financial resources to them. Every decision has consequences. IBM Cognos solutions help you understand what they are, so you can reduce risk.

*Find out more*

See how fast-growing sandwich chain **Quiznos** serves up higher performance with chain-wide planning.

>> Read the [case study](#)

## 9. Monitor performance against targets

Setting goals is one thing. Knowing whether you're meeting them is another. Because of changing trends, competition and thin margins, performance has to be carefully monitored – all the time. IBM Cognos software lets you set, measure and monitor key performance metrics. So you always know where you are in terms of targets.

**Know the metrics that matter.** With IBM Cognos scorecarding, you get clear visibility into sales, sales by channel, margins and more. And you can monitor all aspects of retail performance. The result? You'll know when you're meeting your targets. And if you're not, you can change strategies quickly to get back on track.

*Find out more*

See how retail scorecarding delivers the metrics that matter to retail.

>> [Watch the demo](#)

## 10. Turn standard reports into actionable analytics

Simply tracking all the data that retail sales operations generate isn't enough. IBM Cognos solutions turn data and information into multidimensional insights and knowledge – the kind you need to make smarter decisions.

Help people make the right decisions. With IBM

Cognos solutions, marketing, operations and other departments within your organization get more targeted information and more robust analysis. These tools are also easy to deploy and use. So everyone can benefit from them.

*Find out more*

Find out how **Caffè Nero**, the largest independent coffee retailer in the UK, transformed its business processes with sophisticated analysis and reporting.

>> [Read the case study](#)

# ***Take the Next Step Toward Higher Retail Performance***

*Looking for tools to drive profitability?* Turn to IBM, the world leader in performance management software.

Our solutions let companies drive performance with enterprise planning and budgeting, monitor KPIs with scorecarding, and understand sales, margins and trends with advanced reporting and analysis.

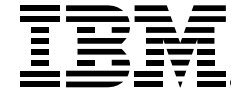
We are the only company that can support and improve these key management activities. And we provide a complete solution for retail performance—one that innovative retail organizations around the world rely on every day.

## **Contact us**

For more information about IBM Cognos solutions for retail performance, visit us at **<http://www-01.ibm.com/software/data/cognos/solutions/retail>**.

Or call 1-866-601-1934.





## About IBM Cognos BI and Performance Management

IBM Cognos business intelligence (BI) and performance management solutions deliver world-leading enterprise planning, consolidation and BI software, support and services to help companies plan, understand and manage financial and operational performance. IBM Cognos solutions bring together technology, analytical applications, best practices, and a broad network of partners to give customers an open, adaptive and complete performance solution. Over 23,000 customers in more than 135 countries around the world choose IBM Cognos solutions.

For further information or to reach a representative: [www.ibm.com/cognos](http://www.ibm.com/cognos)

## Request a call

To request a call or to ask a question, go to [www.ibm.com/cognos/contactus](http://www.ibm.com/cognos/contactus). An IBM Cognos representative will respond to your enquiry within two business days.

© Copyright IBM Corporation 2009

IBM Canada  
3755 Riverside Drive  
Ottawa, ON, Canada K1G 4K9

Produced in Canada  
February 2009  
All Rights Reserved.

IBM, and the IBM logo are trademarks of International Business Machines Corporation in the United States, other countries or both. For a complete list of IBM trademarks, see [www.ibm.com/legal/copytrade.shtml](http://www.ibm.com/legal/copytrade.shtml).

Other company, product and service names may be trademarks or service marks of others.

References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates.

Any reference in this information to non-IBM Web sites are provided for convenience only and do not in any manner serve as an endorsement of those Web sites. The materials at those Web sites are not part of the materials for this IBM product and use of those Web sites is at your own risk.