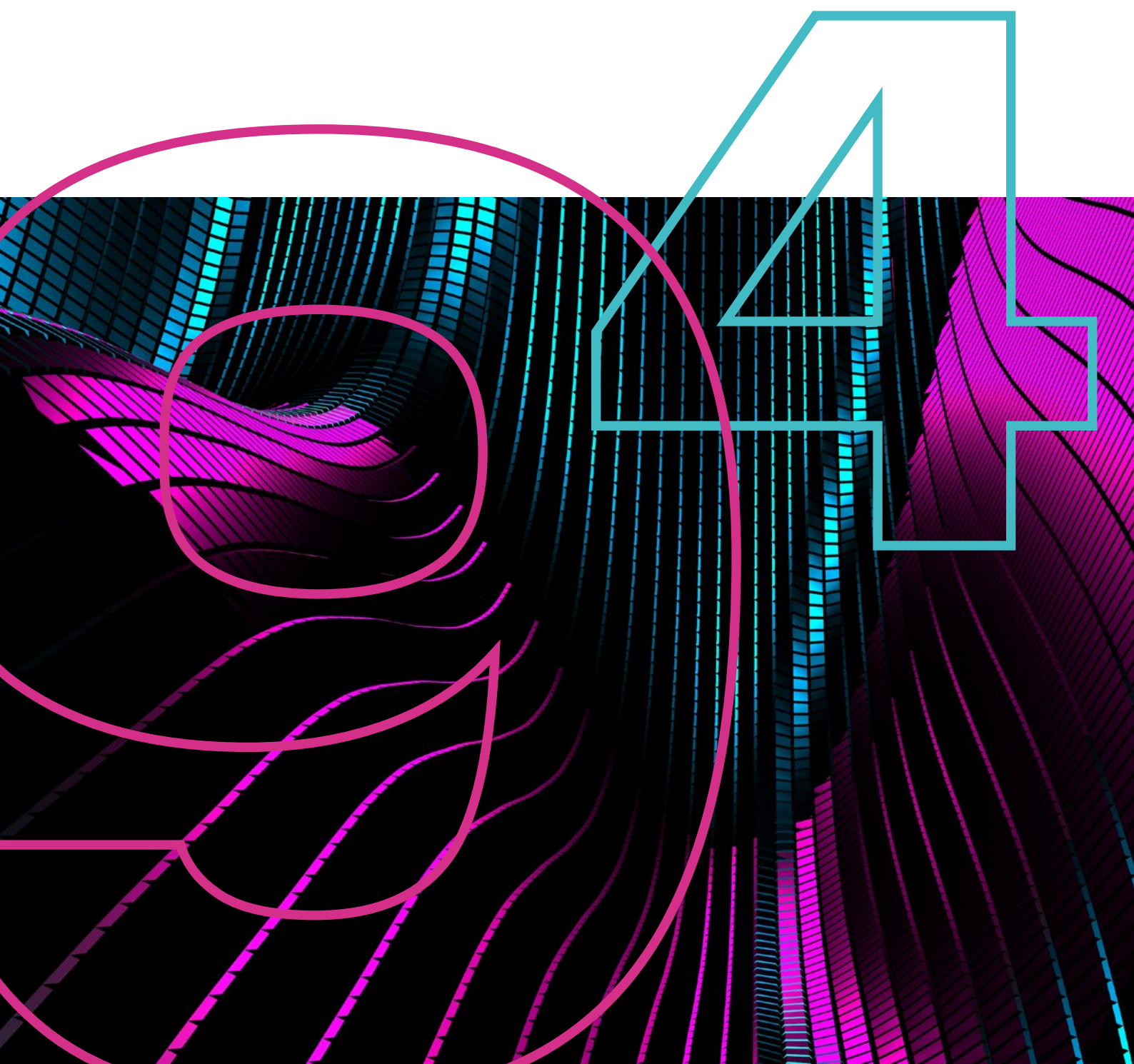




Learn the 'Four Nines'

for achieving speed, efficiency and savings
in modern retail



Executive summary

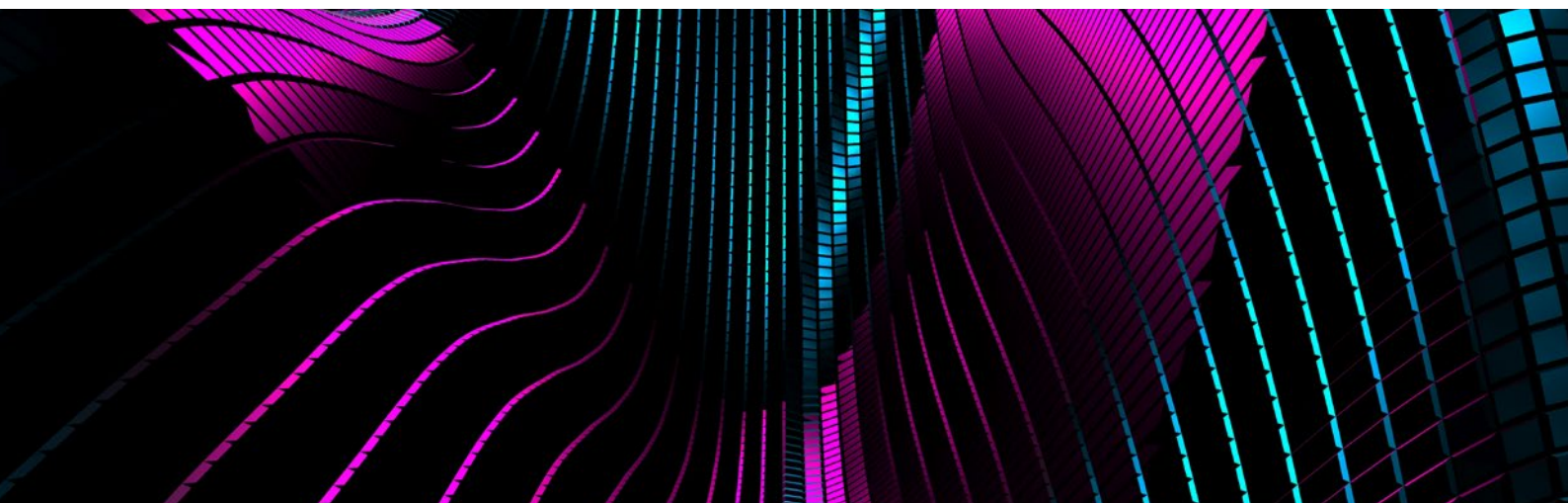
Digitalising operations is no longer an option - it's a necessity for business survival. Today, the majority of digital transformation programmes are focused on getting closer to customers. This won't change. What has changed, though, is the economic climate and the need to act faster and to be more innovative than before.

For starters, there's less spending by consumers, higher costs of customer acquisition, and more industry competition. Though top-line growth will always remain an investment priority, delivering measurable cost savings and business efficiencies will be just as important in 2023 and beyond. Consequently, executives are under immense pressure to make their organisations both leaner and faster.

Technology leaders have a critical and difficult role to play here. They must perform a careful balancing act between the need to drive innovation and agility and the requirement to minimise risk and ensure stability and reliability. With new technologies emerging at a rapid pace, leaders must carefully assess the potential benefits of adopting these technologies and determine the best course of action for their organisation, often while facing the reality of shrinking budgets.

Yet, it's not all gloom and doom. New technologies are creating smarter ways of working, and improving the way organisations operate and perform. The key for business and technology leaders is to identify opportunities for short-term cost savings while at the same time improving long-term business efficiencies in your retail organisation. Additional key areas of focus include:

- How to develop and run an integrated cost and business optimisation programme
- How organisations are using Hyper-Integration Platforms to deliver quick value
- Where to reduce IT costs without negatively impacting business capabilities
- How the entire organisation can deliver cost and business optimisation

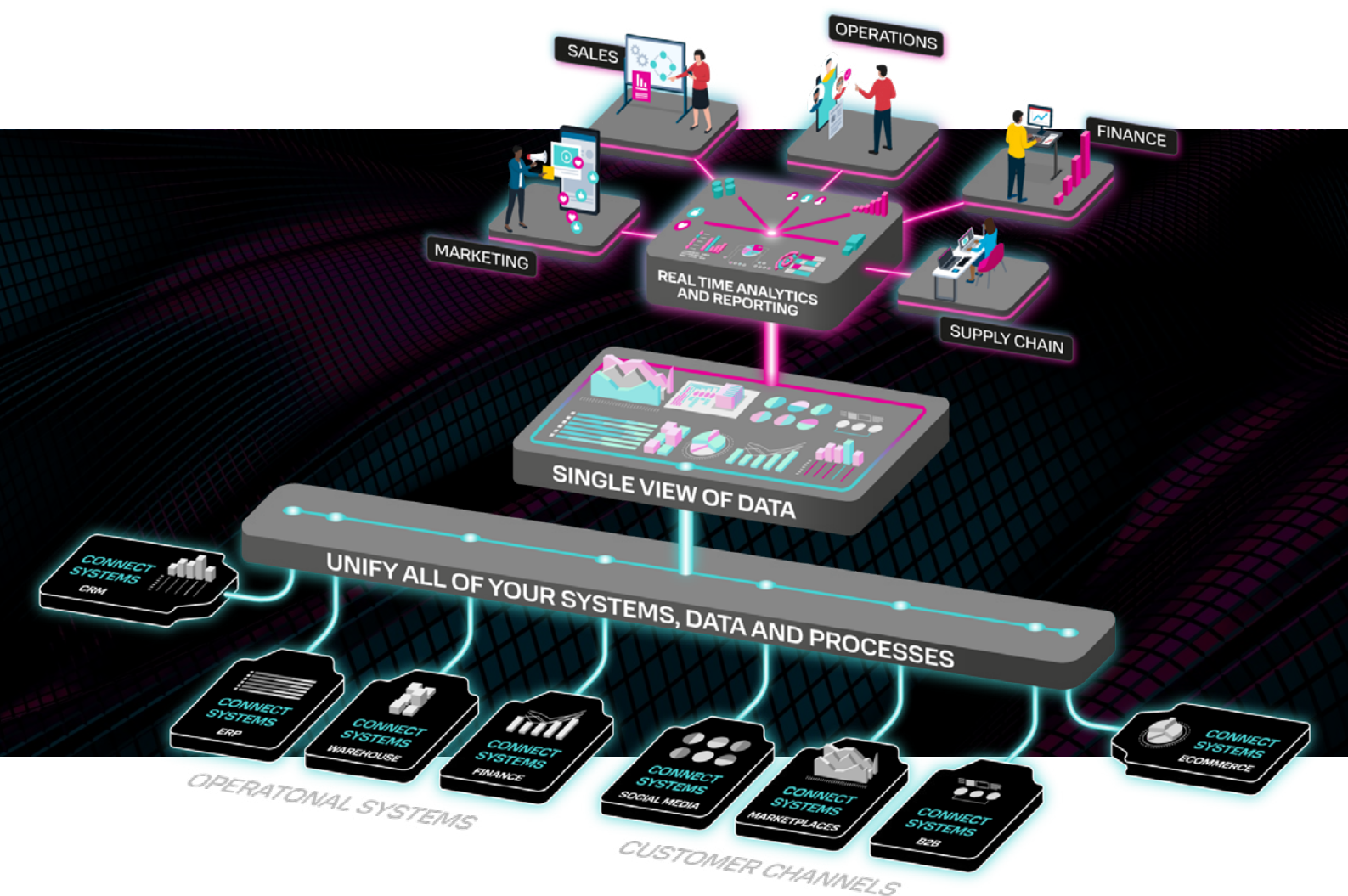


Introduction

Several ideas are helpful for developing and running an integrated cost optimisation and business optimisation programme. These ideas are relevant for both business and technology professionals across IT, finance, marketing and operations.

Executives are typically either reactive or proactive, and this is usually a reflection of the maturity of business planning and execution capabilities in their organisation. Retailers that are responding to market challenges often embrace cost savings first, in an effort to rapidly reduce expenditure. The consequences of such rapid action are not always anticipated. The short-term “win” in regard to balancing the books may result in haphazard reduction in headcount that can, in turn, lead to higher costs in the future to replace experienced staff.

On the other hand, organisations that have been able to look into the future, consciously plan, and invest in technology and data will have made great strides in optimisation programmes that enhance the business and control costs. Their focus can then move to continuous improvements.



What strategies are retailers adopting?

Retailers, in particular, regardless of geographic location, are trying to adjust revenue targets, cut spend across departments, and prepare for the scenarios that might unfold in the next 12 to 18 months. Simultaneously, they must maintain focus on both short- and long-term business objectives. Of course, the question is how?

A common, step-by-step approach the best-prepared retailers are adopting is:

- Conduct an accelerated assessment of costs to clearly identify key areas of potential short- and long-term cost savings.
- Identify the most cost-effective areas for business optimisation improvements.
- Align business and IT to prioritise and then implement quick-win opportunities that can deliver benefits and free up cash to pay for long-term, high-value projects.
- Start a cost and business optimisation programme including both IT and business leaders to pursue additional value from long-term opportunities.
- Proactively manage cost optimisation as an ongoing discipline by creating a culture of cost awareness within the organisation and leveraging automation to both report and manage costs.

The tools that are most relevant to making these efforts successful, include:

- **Business reviews**
Assess your business regularly, using a consistent approach because a surprising number of organisations rely on processes that are poorly understood or documented. Likewise, the informal or even the somewhat rigorous attempts to monitor and measure these processes and activities are often haphazard and ad hoc. Mastery here can pay dividends in the short- and long term.
- **Data analytics**
Use data to inform your business improvement and optimisation efforts. From effectively identifying opportunities to monitoring their business impact over time, this is a particularly critical area for attention. Data including spend analysis can help clearly identify quick wins.
- **Technology**
Review your return on technology spend and understand technology costs by function and by employee.
- **Processes**
Apply chargebacks and / or show backs as financial tools to make sure costs are visible and apportioned or to potentially turn cost centres into profit centres.
- **Continuous improvement**
Implement practices like Lean 6 Sigma to reduce waste and increase efficiency.

Where and how to get started

The matrix below shows 36 ideas you may want to consider adopting in order to identify potential cost savings, implement efficiency improvements, and drive toward optimal performance.

The ideas are prioritised by the approximate level of value and time required to achieve results as well as the effort required to deliver the value. Ideas in the upper right hand corner can have a huge impact but may take longer than those ideas in the lower left hand corner – and the impact is not as high.



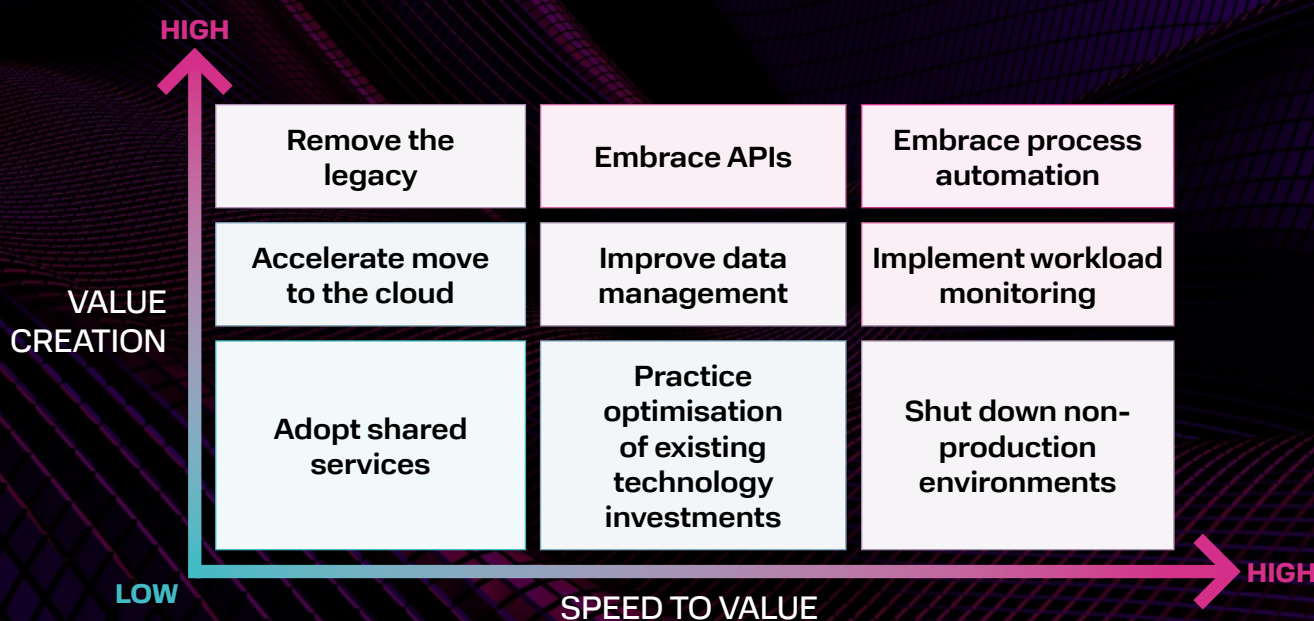
36 ideas to optimise your business

Nine ideas for IT	Nine ideas for Marketing	Nine ideas for Operations	Nine ideas for Retail Operations
Accelerate the move to the cloud	Segment customers	Optimise scheduling	Streamline staff scheduling and rotas
Remove legacy applications	Review your CRM program	Strengthen routing	Reduce waste and damage
Embrace APIs	Retarget customers	Modernise Intake management	Take advantage of in-store replenishment
Adopt shared services	Review your marketing toolkit	Supplier Performance Management	Improve inventory management
Improve data management	Know your channels	Boost logistics performance	Loss prevention: Theft and shrink
Embrace process automation	Product placement	Fine-tune demand forecasting	Loss prevention: Process compliance
Implement workload monitoring	Assess your benchmarks	Site research	Loss prevention: Fraud
Shut down non-production environments	Review your website	Stock allocation	Product availability
Optimise existing technology investments	Leverage geo-location	Demand forecasting	Optimise store locations

Nine ideas for IT

IT can either lead or support innovation. And the same is true with IT and optimisation. Whether leading or supporting, IT is just as crucial. Thus, IT leaders need to be clear about their role and capabilities and ready to refocus as needed to achieve results. Organisations vary in the extent to which business and IT are mutually engaged or even speaking the same language. Establish a clear sense of organisational maturity in this dimension and then formulate actions for IT that will create the most impact and are most sustainable.

IT must be both a strong source of expertise and an integrated team player. This will usually mean moving the organisation out of its comfort zone while ensuring that its activities are always fully relevant to the business.



Nine ideas for IT teams

- 1 **Accelerate the move to the cloud** – Review hosting strategy (including decommission legacy data centres and hardware). The weight of past and current practice.
- 2 **Remove expensive and hard-to-maintain legacy applications where feasible** – Legacy applications can be challenging to replace, but this goal must be kept in mind and implemented at every opportunity.
- 3 **Embrace APIs and modern development and delivery** – The rewards of faster and more agile applications and operations are worth the effort.

4

Implement shared services (cost savings) to avoid duplications – Outsource non differentiating functions.

5

Improve data management – Data management and analytics can be improved to deliver data insights and unlock the untapped potential in your data. Few organisations extract the full value of their data. Success here is crucial to optimisation across the organisation.

6

Implement process automation (business efficiency) – IT process automation focuses on streamlining services, support, and administration into workflows, reducing or eliminating manual operations, in order to avoid the time and cost involved in manually managing them. Automation can free up resources for innovation and supporting business growth.

7

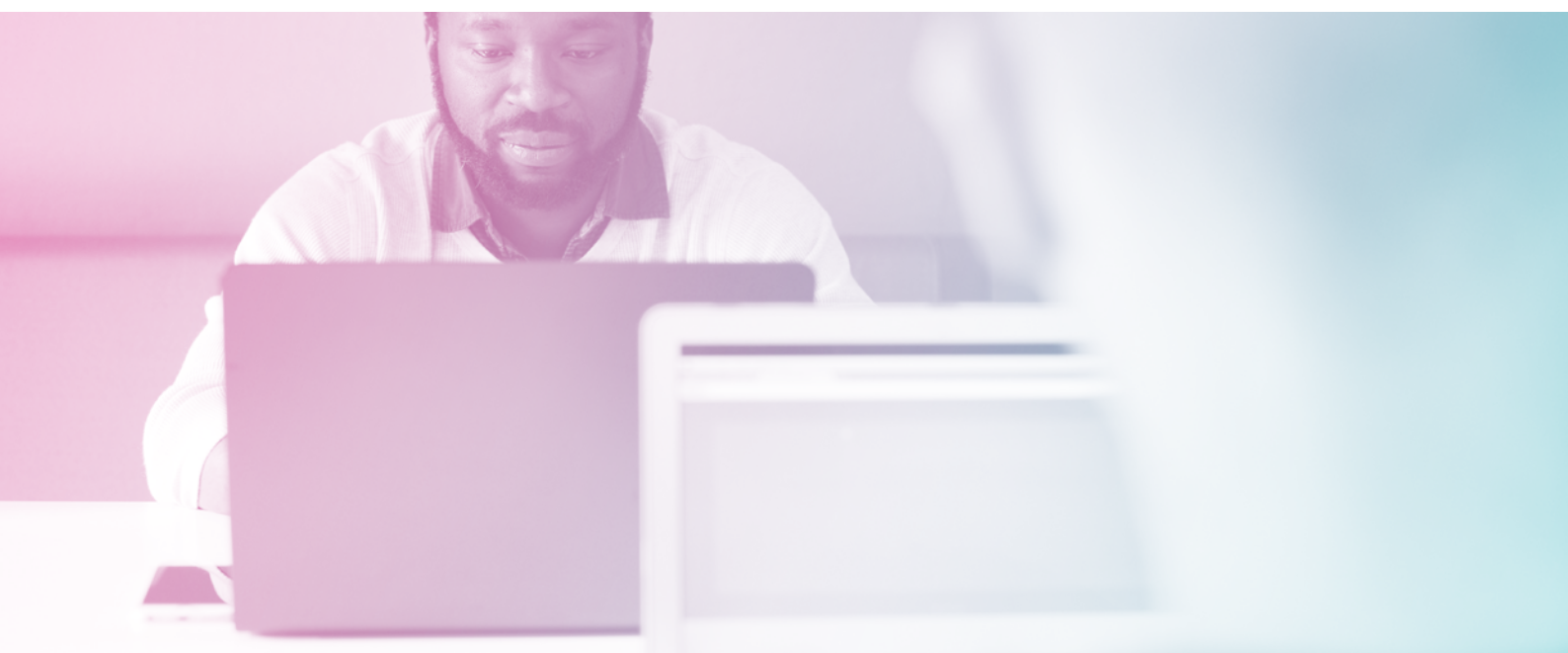
Implement workload monitoring and/or cloud spend analytics – You can't manage what you can't or don't measure. Workload management on premises or in the cloud - along with spend analytics - can ensure that investments are yielding business benefits.

8

Shut down non-production environments when not in use – Organisations should implement auto scaling on production workloads to reduce wasted capacity. In the pay-as-you-go world of cloud, it is all-too-common for organisations to incur high costs for capacity and machine instances that are not being used efficiently or at all.

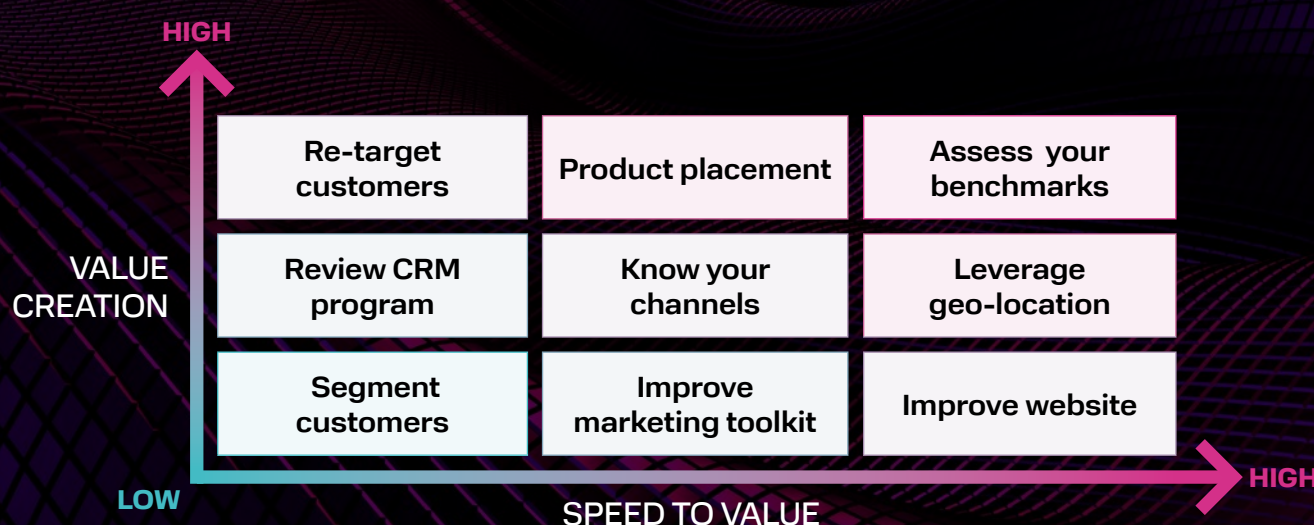
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Practice optimisation of existing cloud and third-party investments – Optimisation can deliver additional Innovation and additional value, from customer experience to stock optimisation, and beyond.



Nine ideas for marketing

First, you must assess existing marketing efforts. Look at customer retention because this can provide good indicators of what works and what doesn't. Obviously, poor customer retention is a negative factor, but digging into the numbers should provide clues that can be applied to both customer acquisition and operational improvement. Both are important. Anything that can be implemented to strengthen retention provides immediate benefits. Acquisition of new customers may need to be done in new ways but the good and the bad learnings from understanding retention can help make sure your efforts work and are successful.



Nine ideas for marketing teams

1

Segment customers – Maximise opportunities with your existing customers: Firstly, make sure you know your customers and review your Customer Lifetime Value (CLTV), Recency, Frequency, Monetary (RFM) and customer segments. Align your strategic planning to ensure you're driving the segments in the right direction without being too tactical for short-term wins.

2

Review your CRM program – What's working well, what could you be doing better and new opportunities and challenges with a Stop / Start / Continue approach. Verify that your team/agency is using your CRM / CDP as effectively as possible; reach out to your platform after-sales team to ask them to review your setup and campaigns, and ensure you're using all the features (e.g. optimised send time, personalised recommendations, etc.). Don't forget to review your customer data platform (CDP) frequency policies to ensure you're not missing out on potential audiences.

3

Retarget customers – While nurturing your active customers, tactical re-targeting of those who are dormant or at risk to lapse (based on your previous insight of what works well) can give you an additional boost without eroding margins.

4

Review your marketing toolkit – Ensure that your teams are using consistent definitions to review effectiveness. Don't give away more promotional value than you need to (if 15% delivers the same results as 20% then save where you can - and if you're not sure then run some tests to understand where you can optimise).

5

Lower your acquisition costs with more insightful spend (know your channels) – Use your CLTV with Return-On-Ad-Spend (ROAS) to really understand which channels / activities deliver your most loyal customers. Understand those tactics which might help you deliver the weekly sales target vs those that deliver brand loyalists.

6

Product placement: right product, right time – Validate your best-seller lists against inventory – don't spend time promoting products (on third-party sites or on your own campaigns) with low stock levels, which can inhibit potential profitability and cause customer frustration.

7

Assess your benchmarks – Don't get caught in the YoY benchmark trap. If you do the same as every year, you'll get the same results (at best) - now is the time to challenge and review and re-shape your benchmarks to optimise results.

8

Review your website – you need to ensure that you are maximising the sale and that every page of content on your website -- and mobile – can be a standalone selling page (to maximise paid / affiliate / SEO links). Get more social – encourage your team or office to create, share and distribute links and content on all social media channels.

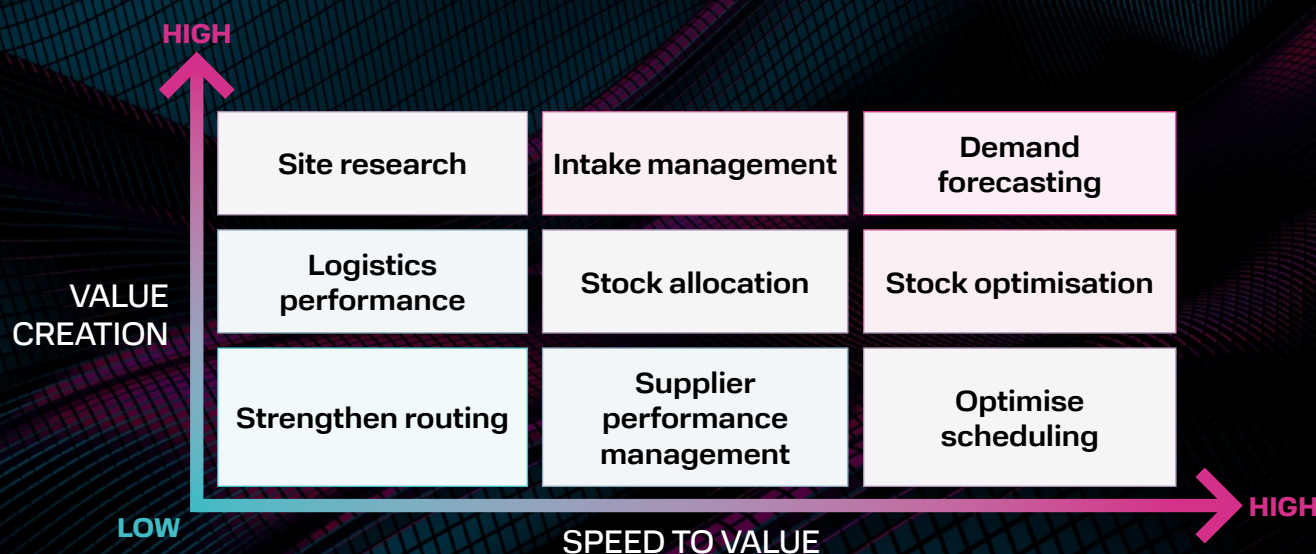
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Add geography / locale into your marketing mix (if you haven't already) – If you have physical stores then statistically your online purchasing is stronger within a radius of those stores. If this aligns with your data then use this insight to optimise your campaign effectiveness going forward. And this also demonstrates that now is not the time to be dramatically reducing your brand spend.

Nine ideas for operations

Operations teams need to touch almost everything that can impact business performance. They are most responsible for overall business performance. So, they must act based on timely information and a comprehension of how to make tactical decisions and some that are actually strategic.

To accomplish this, they rely on metrics and analytics, and even AI. It all comes down to understanding your assets at any given moment, whether human or material, and implementing policies that can sustain and enhance the enterprise.



Nine ideas for operations teams

1

Optimise scheduling – The sequencing and application of resources, whether equipment or people, is fundamental to success and profitability and must be conducted with an understanding of many other factors including fixed and variable costs, and other short- and long-term priorities.

2

Strengthen routing – Closely related to Scheduling is Routing, the detailed process by which materials or activities are linked to deliver a result – and value. When this involves delivering goods to retail sites or customers, there are many factors such as traffic, conditions of weather and light and characteristics of roadways that should be weighed in addition to simply “the shortest path between A and B.”

3

Modernise Intake management – Intake processes, whether for a project, task, or even a product, too often are ad hoc or informal. Efficiency begins with at least some standard information gathering and then, likely, an agreed way to gather more information, decide on a structure for further activity, and a plan for work completion. Start small and add elements as their value is proven.

4

Implement Supplier Performance Management - Supplier performance management (SPM) extends the detailed scrutiny practised within the business, out into the supply chain – an increasingly vital activity in current economic conditions. Using a range of automated and manual processes, a company can measure and analyse a wide range of metrics and then attempt to monitor or manage the relationship to limit risks and support other business goals inherent in the relationship.

5

Boost logistics performance - Implementing KPIs is foundational for improving logistics performance. This baseline can help when navigating market disruptions and also, of course, allows calibration of changes like introducing new technology. This is also an area where outsourcing of some or all logistic elements can yield benefits – allowing your enterprise to focus on its strengths.

6

Fine tune demand forecasting – Every organisation does demand forecasting – but few do it well enough for today’s competitive environment. Markets can shift almost overnight in small ways and large. Demand forecasting needs to be fast, accurate, and granular. This means data and lots of it and well-engineered analytics. Many organisations are even turning to AI and machine learning to reduce the “weak link” issues that people introduce to processes.

7

Invest in technology to optimise and/or reduce spend on property (site research) - The costs associated with property used in business are many and varied. Prominent among them are energy, which can include, heating/cooling, lighting, and display and other equipment. Leasing terms, where applicable, and maintenance are among the other leading costs. Automation tools can help with identifying and monitoring each of these costs. Building automation can even help directly control some of them. Other tools, some using AI, can help determine when and where investments make sense. Some locations can generate more revenue relative to cost than others. The right analytical tools can make these factors plain and accessible.

8

Get stock positions just right – Use technology to optimise stock positions, reducing working capital and increasing free cash flow -- Optimising stock is undoubtedly one of the most critical tasks in retail. Ordering too much of any one thing or too much in general can soak up working capital, squeeze out potentially more valuable products, and generally waste time at every level. Implementing best practices and utilising data and predictive analytics to get stocking levels to match actual demand as closely as possible, is something that pays off in the short and long term. The solution is a combination of best-available technology and savvy human buying talent, to help ensure you aren’t just buying for yesterday’s trends.

9

Orchestrate and enhance (demand forecasting) – Upweight efforts in demand forecasting, sensing and allocation of stock to the stores that are most likely to sell it, thus reducing working capital. This action ties together several other steps and emphasises fidelity and accuracy to yield bottom-line results.

Nine ideas for retail operations

Retail operations are the front-line of the retail world, where all other functions of the organisation either bear fruit or cause problems. This “last mile” of retail also depends on high quality information to produce good results.

It isn't enough to just let retail operations “happen.” The same care and thoroughness displayed elsewhere must be carried through into retail operations.



Nine ideas for retail operations teams

1

Streamline staff scheduling and rotas – An effective workplace schedule balances the needs of stakeholders such as management, employees and customers by ensuring that the right mix of people are available at all times. This means mixing levels of experience and it also means weighing the cost and compliance issues that come with managing people. This task is best handled with the help of automation and modern tools.

2

Reduce waste and damage – One of the biggest costs in retail is loss of value, often simply through carelessness or failure to enforce appropriate practices. Gather and document data on occurrences and then work to determine root causes. Because most waste and damage can be avoided, this activity is always worth pursuing.

3

Take advantage of In-store (visual) replenishment – The literal visibility of stock can sometimes be leveraged using technology and manual methods to generate early warning on trends and to add dimensionality to output from other tools and technologies.

4

Improve inventory management — This never-ending quest should always be kept in view as other endeavours are being pursued. Regularly adjusting practices and technology can help ensure accuracy and, ideally, near-real-time results.

5

Loss prevention: Theft and shrink - As with many cybersecurity issues, theft and shrink is often a people problem. Technology can help identify when and where shrink or theft is occurring. Determining why and how can be more difficult but must be pursued even if only as a deterrent, to make it clear that detection and punishment is a real possibility. In the alternative, if “shrink” is due to incoherent or fallible inventory systems rather than human actors, that must be pursued with root cause analysis and then rectified.

6

Loss prevention: Process compliance — As implied in #5, some losses can be attributed to deviation in practice such as failure to correctly or accurately handle products at any stage in an operation. Thus, developing the capacity to investigate and remediate this set of challenges, can be very rewarding for enterprises prone to this problem.

7

Loss prevention: Fraud — While different from process compliance challenges in that there is malign intelligence involved, the investigation and remediation will be nearly identical to a point — but then must fork, potentially invoking HR and legal responses.

8

Product availability - It is axiomatic that you can’t sell that which you do not have. So, again, this fundamental fact must be borne in mind and addressed through both strengthening the supply chain and ensuring inventory practices that can accurately predict potential stock-out conditions and act to prevent them.

9

Utilise advanced analytics to optimise store locations — Location is always a key factor in retail. Analysing and comparing store performance across different locations, developing KPIs, and understanding characteristics of specific locations that can drive or depress sales is fundamental to ensuring that you can separate environmental factors and store factors in assessing performance and then determining optimal locations. In some cases, these practices will even demonstrate the case for closing loss-making stores.



SUCCESS STORY



Db Journey, a Scandinavian company that has established itself as a recognised brand within the sports fashion travel gear industry, used Xiatech's Xfuze Platform to decrease logistics costs by 30% in Europe.

Db leveraged rich insights and analytics from Xfuze to benchmark, analyse and identify the optimal location of warehouses in regions, which enabled executives to lower the transportation cost of fulfilling customer orders.

decrease logistics costs by **30%**

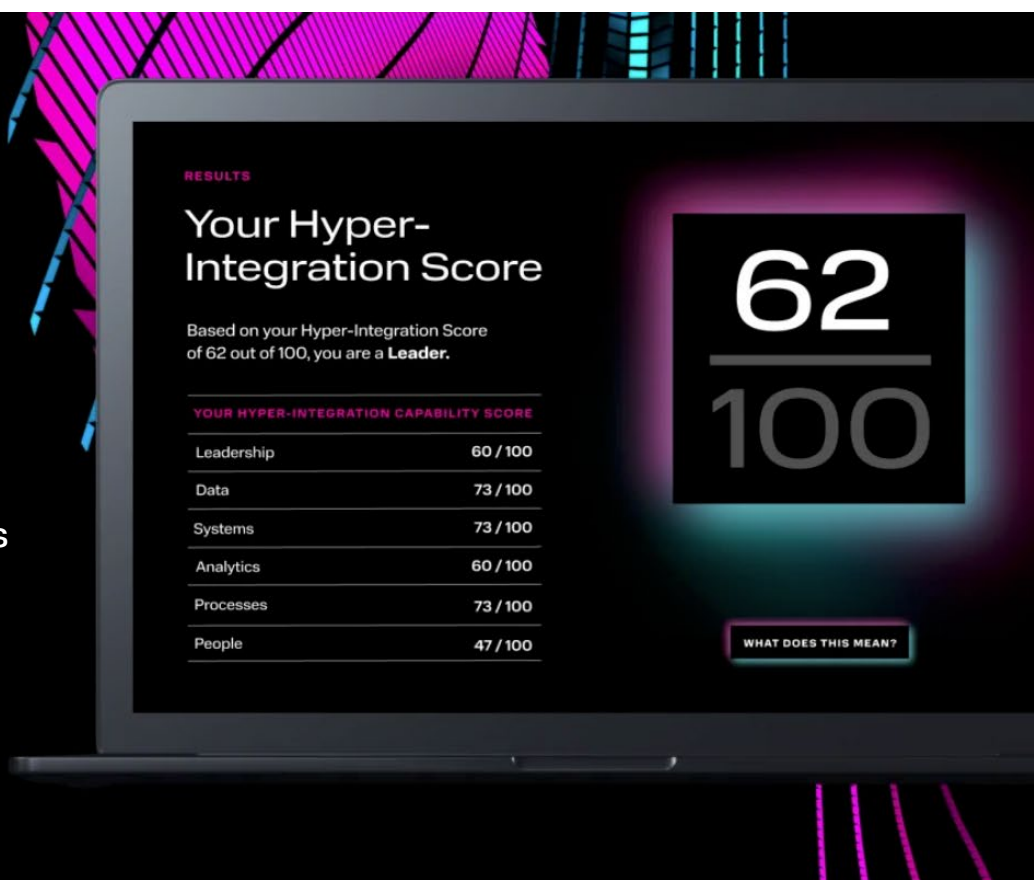
How to use Hyper-Integration Platforms to deliver quick value

This collection of “four nines” for achieving optimisation in retail provides a foundation for building better. It also sets the stage for considering hyper integration and a Hyper-Integration Platform such as Xfuze from Xiatech. When the aim is optimisation and efficiency, a Hyper-Integration Platform can serve as a foundation, helping you accelerate your business transformation; unlocking significant untapped value in your systems, data and people.

An initial quick win for organisations is to consolidate system integration, data management and analytics capabilities into a single Hyper-Integration Platform. The value isn’t just in reducing technology spend but in unifying these capabilities. This can allow your organisation to have a single view of data for in-depth and real-time insights and analysis.

Score your organisation

Take our [online survey](#) to instantly determine and benchmark your organisation’s ability to digitally transform and rapidly generate business value by assessing your system integration, data management and analytics capabilities.

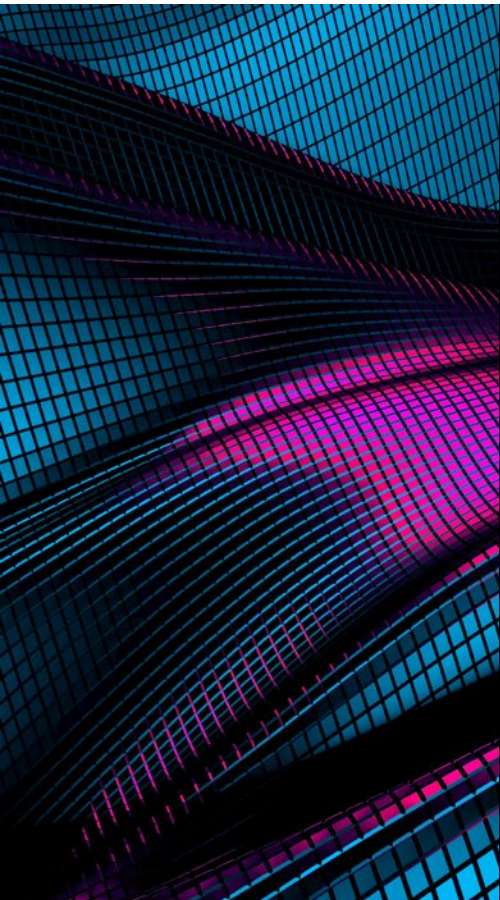


Conclusion

Economic challenges are not going away. The pandemic upended certainty in global business and the aftereffects will be felt for years to come, in every field of endeavour.

Thus, the impetus for growth must be undergirded by ever-improving efficiencies and cost savings. Success here will be fundamental to supporting and enabling all other business activities.

The application of new technologies and better use of existing technologies and investments will make possible unanticipated efficiencies. Those who choose this path will be rewarded and those who accept the status quo risk all.



To learn how organisations are leveraging Xiatech's Xfuze Hyper-Integration Platform, and award-winning services, to effectively transform and improve business operations and performance, please contact us to schedule a call with one of our experts. Our experts deliver industry-aligned transformational value because our people specialise in:

- System integration
- Insights and analytics
- Data science and AI / ML
- Operational excellence
- Digital transformation



Why organisations choose Xiatech

Xiatech drastically shortens time-to-insights, accelerates digital transformation, and extends the value of legacy technology investments by providing public and private sector organisations with [Xfuze, the world's first Hyper-Integration Platform](#) that innovatively connects systems, creates a single view of data, and delivers actionable insights in one solution.

Developed for the Hyper-connected economy, Xiatech powers hyper-integrated organisations by unifying system integration, process automation, data management, continuous insights and advanced analytics so business and technology professionals have the tools and data to make real-time decisions. To learn more about how organisations are quickly generating value in weeks, visit www.xiatech.co.uk, or contact us at marketing@xiatech.co.uk to schedule a call with one of our experts.

