Retail Merchandise Planning with Board



board

Introduction

In today's ferociously competitive market, many retailers are aware of the need to digitally transform their planning activities in order to compete effectively. Spreadsheet-based processes do not provide the data accuracy, depth, or clarity needed to effectively analyze, forecast, and plan, yet they are so entrenched in the day-to-day operations that retailers often find it challenging to replace them.

On top of this, packaged Merchandise Planning solutions rarely provide a direct fit to a customer's business planning process, leading to compromise and unsatisfactory results. Either the business process has to be changed to bring it in line with how the software vendor considers the planning process should be undertaken, or the package requires considerable customization that increases the price and adds complexity to the solution.

Helping retailers to overcome these challenges, the Board Decision-Making Platform enables the creation of a planning solution that can easily be tailored to existing business processes, meeting the retailer's needs without any compromise.

Read on for an end-to-end overview of the capabilities of Board in relation to the Merchandise Planning process.

Drive Efficiency and Competitiveness – from Supplier to Store

The Board Decision-Making Platform unifies Business Intelligence, Planning, and Predictive Analytics capabilities in a single, user-friendly interface. By automatically consolidating data from across the organisation, Board creates a single point of truth from which to conduct all analyses and plans, driving accuracy, efficiency, and collaboration.

In a retail context, Board is able to drive digital transformation of the entire Merchandise Planning process, replacing legacy solutions with a futureproofed, data-driven approach.

Like-For-Like Forecasting

Retailers need a system to demonstrate the most profitable approach to planning multiple brands over different selling channels and seasons. The starting point for the season's planning process is the normalization of the previous year's figures to compensate for branch openings, changes, and closures. The normalization process is seeded with last year's sales at the branch, department, and week level. These figures can then be updated to compensate for periods of branch closures, using average values suggested by the application which have been calculated from other branches that have the same departmental mix and similar turnover. The normalized sales forecasts can also be updated to compensate for events that occurred during the previous year, such as heatwaves or public holidays.

Once the normalized base has been created, percentage uplifts can be applied at any level to create the top-level 'company like-for-like forecast.'

Company Forecast

The company forecast exists for a season at the Department, Product Season level. The forecast is initially populated from the like-for-like forecast and introduces the concepts of markdown, stock, intake margin, and NAMAD. The like-for-like sales forecast is apportioned down to product season level using either the previous year's sales, a previous company forecast, or manually entered figures. Markdown and stock figures can be calculated using percentages derived from the same sources.

Department Forecast

The department forecast introduces the planning process to the individual departments. The forecast is at the lower level of product class and is again seeded from the higher-level plan, using the same choice of apportioning methods available in the company forecast process. This allows proactive anticipation of market trends and better margin control, allowing you to focus on best sellers and customer satisfaction.

The forecasts can be filtered and consolidated to display a forecast at any level of the product hierarchy including and above the product class, for example a forecast of all shirts across the company or a consolidated department level version of the forecast.

Forecasts can be saved into scenarios and different sales, markdown, and stock values tested. These forecasts can then be compared to the saved scenarios to test which actual forecast should be submitted. Saved scenarios can then be restored if required.

Workflow and Audit Tracking

As the forecasting is completed by individual departments, it requires authorization by Merchandise Management or other persons in the management chain once complete. This provides visibility of where everyone is in the process and identifies the retailer's incoming and outgoing cash movements.

Comments can be added to the forecasts by the departments during submission thanks to an inbuilt workflow, providing a full audit trail of the figures and any associated commentary. These comments, along with the forecast figures, can then be reviewed by Merchandise Management and either accepted or rejected.


Workflow Strategy
abandons cart
1 hr. delay
left cart
1 day delay
No purcha$e

Weekly Stock, Sales and Intake (WSSI) Forecast

The Board WSSI will help you define your future stock requirements, aligned to key business metrics such as stock cover to ensure customer satisfaction - all whilst minimizing the risk of having too much stock that will prove expensive to exit. The initial population of this level of planning, as in the other levels, saves merchandisers time in deciding what their figures should initially be. This time can then be better spent refining the forecasts to align with the expected sales and stock situation, having the additional benefit of helping to reduce costly markdowns and stock outs.

The calculations derive stock figures based on either opening or terminal stock and planned sales, markdown, intake, and forward cover. Additionally, forecast intake can be calculated using target cover values, enabling you to optimize your OTB (i.e., the cash needed to be invested on a weekly basis).

Consolidation and filtering can be applied to create a WSSI at any existing forecast level above product class.

Line Level Forecast / Management and Visualization

The total buy is split down to option (product and colour) level to form the "Open to Buy" and managed via the line level forecast process. Each option's attributes are visible and can be managed, including the initial change from the defaults from which they would be created.

A problem with unstructured planning processes is that "Open to Buy" can exist independently at multiple levels in the planning process. The "Open to Buy" values are often also double counted as orders are placed and "Commitment" increases but the figures are not deducted from "Open to Buy". By unifying data in a central store, Board controls "Open to Buy" so there is a single version of the truth, managed from the lowest level but available to the forecasts at a higher summarized level.

Each option's "Open to Buy" can be used to logically place orders, moving the "Open to Buy" into the status of "Pending" and then "Committed". This removes the ability for values to exist in more than one state and means "Open to Buy" figures are as accurate as they can be at all levels of the process.

Dealing with the figures in the planning process ignores the fact that it is a range of coordinated products that is being created. The line level forecast includes a graphical representation of products being proposed for each branch grade, making it possible to view the proposed products that each branch will stock. This can be used to review ranges to ensure they are complete and not laden with too much of a particular style. An additional benefit is that retailers can perform line planning by product attributes, rather than a rigid level of product hierarchy.

Initial Allocation

Historical data patterns enable accurate size profiles to be generated with ease, creating a library of size curves which can be used to develop a consistent process for analysis and planning.

Based on the targets and OTB budget, automatically calculate quantities of SKUs to be ordered at size/store level and define the optimal quantity to be delivered to stores, size-by-size, taking into account display weeks, demand coverage, and supply chain lead times.

Replenishment

Once initial allocation is complete, keep a close eye on stock levels against targets, combining data on production and logistics times, pack sizing, and logistics constraints to ensure the right items can be replenished as required.

Use predictive algorithms to determine future demand, comparing results against different distribution scenarios to maximize on-shelf availability. Then, once store needs have been determined, aggregate the demand for the distribution centers and calculate accurate replenishment quantities for suppliers via multiple dynamic algorithms.

Assortment Range Planning

Maximise your sales opportunities by effectively matching product stock and volume with customer needs. Board's AI and machine learning algorithms cluster customers by different characteristics, and stores by attributes and then optimises assortments across different sales channels and locations.

Additional Reporting

Attribute WSSI: Review the sales, mark down, intake, and stock performance filtered by option attributes by week and compare against buy plans for the current planning season.

Delivery Reports: View delivery reports by an option's attributes, for example view a delivery schedule for a department's blue products for a range of weeks.

OTB Reports: Analyze in-season sales against option attributes such as colour, enabling the management of "Open to Buy" values, for example reacting to poor selling colours by changing orders or moving "Open to Buy" to the better performing colours.

Dashboards: Compare the line level intake margin %, NAMAD %, and stock cover against department level targets for the current planning season, or the current actual season.


14:44
Insights
ACTIVITY
Interactions
CONTENT
AUDIENCE
1,459
Actions taken on your account from
19 July – 25 July
Profile visits
1,006 vs. 12 July - 18 July
Website clicks
103 vs. 12 July - 18 July
Emails
1 vs. 12 July - 18 July
Get Directions
1,328
110
1
19

One Merchandise Planning Solution, Numerous Benefits

Tailor the system to your specific needs

Planning processes can be tailored to fit your requirements rather than the rigid, pre-defined processes found in pre-packed solutions.

Streamline the entire planning process

The plan can be consolidated and/or filtered as required to produce relevant views of both the actuals and the forecasts. For example, filtered delivery schedules or attribute-level WSSI reports make it possible to view the selling profile of short sleeve white garments.

Achieve full visibility at every stage

The single version of truth makes it possible, at a glance, to see where the process is in the planning cycle, which plans have been completed, and their values.

Gain complete control through a secure, workflow-driven environment

Where necessary, plans can flow through an authorization process requiring management acceptance before the forecasts can be applied to the central plan. This makes it possible to see who has submitted their plans and who has not, why plans have been rejected, and which “actuals” values were associated with the plans when they were submitted.

Seed data to lower-level plans

Authorized forecasts can be apportioned to lower level plans using any figures that already exist at the lower level, for example last year’s actuals or an existing plan. This means that each plan does not need to be created from scratch and initial breakdowns of the higher-level forecasts can be used as starting points for each plan.

Easily perform stock calculations

WSSI stock figures can be calculated using the business' existing calculations, for example from opening or terminal positions, or taking into consideration stock cover targets.

Save time with upwards consolidation of forecasts

Lower-level plans can be used to populate higher level plans if, as the season draws nearer, the lower level plans change and the higher-level plans become out of date. Alternatively, Board can display the lower-level plan and show clear reconciliation to the higher plan, if retailers want this to remain unchanged.

Preserve data accuracy

Forecast totals or sub totals can be changed without affecting selected figures thanks to locking and spreading functionality.

Unify all plans within the same system

Headline totals on-screen compare the current plans with the appropriate totals from the higher-level parent plan. This can be used to ensure that the lower level plan totals match those expected in the higher plans. Variances and highlighting are used to flag when the forecasts differ by more than preset limits.

Keep control of "Open to Buy"

One of the key benefits to a merchandise planning process of a central data store is that the data held at a lower level is also available to the higher-level forecasts. This is vital for overcoming a common problem with OTB – that its value differs with each different plan. Inaccurate values at the lowest OTB level can either be OTB, Pending, or Committed in different versions of the plan, preventing double counting.

Make range planning easier with graphical representation of options

Using images of garments, it is possible to view the products that each branch grade is proposed to stock. This can be used to review ranges to ensure they are complete and not too laden with too much of a particular style or colour.





Enable integration with external systems

The data can be made available in a relational database, making it accessible by third party applications such as order systems. This removes the need to re-key in details about order values, quantities, and product attributes when creating orders, reducing the time taken and increasing the accuracy of the data entered into the external system.

Model different scenarios to inform your decisions

Different planning scenarios can be modeled in a "What If" environment. Versions of a proposed plan can be saved in scenarios, making it possible to test different merchandise strategies. The results of the test can then be compared to the saved scenario. The forecasts from the chosen scenario can then be submitted into the planning process.

Monitor progress and performance with KPI Dashboards

Analysis screens can be used to give a quick overview of how the lower levels of the planning process compare to the higher levels. For example, are the intake margins forecasted at the higher planning levels being adhered to when the option level prices are being decided? Once the plans move into active seasons, the dashboards can compare planned and actual figures as well.

Drive consistency by managing actuals within the planning process

As the planning process does not happen in a day, it is important to manage the figures that are used to provide the background information. For example, the previous year's sales used to inform the plan, which could actually be the current season's sales if planning a year in advance, will change daily, making it difficult to work out how certain planning decisions were made. With Board, the actuals used in the forecasts can be managed and refreshed either automatically or when required.

Draw attention to potential problems with real time alerts

The impact of changes to the data can be handled in many different ways, including generating alerts for users to action.

Empower users with a self-service approach

Board is not a pre-built software package, but a drag-and-drop, coding-free platform which makes it possible to easily adapt processes to suit the business' changing needs. Users can take control of the planning process with the ability to add functionality or make adaptations as the business grows.



About Board

Board is the #1 Decision-Making Platform, empowering people to have a transformative impact on their business by helping them to intuitively leverage their data in a flexible, all-in-one environment. Unifying Planning, Predictive Analytics, and Business Intelligence, the Board platform allows companies to produce a single, accurate view of business information, gain actionable insights, and achieve full control of performance across the entire organization. Using Board, global enterprises such as H&M, Toyota, Coca-Cola, KPMG, Puma, and HSBC have digitally transformed their decision-making processes. Founded in 1994, and now with 25 offices worldwide, Board International has long been recognized by leading analysts and subject matter experts including Gartner, Nucleus, and Dresner.

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