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## Achieving Efficient Retail Implementation

By Paul Weitzel

### The Benefit

Do you know what it really costs today to execute at retail? Do you know what it costs to make planogram changes before you actually get to the store? Do your space management and category management people understand how moving a shelf just one-half inch can add \$200,000 to the cost of a reset? Can you achieve 97% ACV on new item introductions in just three days? New programs and best practices are emerging, and we are beginning to finally change retail implementation paradigms.

This issue of *Competitive Edge* looks at new retail implementation programs that are streamlining category resets, remodels, and new item speed-to-shelf work. See how you can finally get control of your retail implementation costs and eliminate a significant amount of unproductive resources at retail.

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From its inception, the Category Management process created a tremendous amount of consistent change to the retail shelf. In the early days, category resets were coming in so fast, brokers could not reorganize quickly enough. Nearly all of the broker manpower was applied against the category reset work, and nothing was left to cover the day-to-day continuity work for their suppliers. Today, while we continue to generate a tremendous amount of retail shelf change and work, brokers have found a better balance between retail implementation work and day-to-day continuity work.

Unfortunately, most retail implementation programs have not improved over the years. We are resetting many categories with a zero chance at a positive ROI. We're also sending blended third-party, broker and supplier teams into the stores with poor disciplines, unprepared workforce, and no real accountability. As a result, most of our reset teams are spending 30% more on resources than what is really necessary.

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### What Are the Cost-Drivers?

There are several factors that cause retail teams to spend significantly more on retail labor resources than necessary. The big cost-drivers include:

- ▶ No or poor accountability practices
- ▶ Unreliable workforce
- ▶ Poor productivity and lack of standards
- ▶ Incomplete and untimely backstage planning and preparation
- ▶ Significant amount of rework
- ▶ Discrepancies and resolution processes that drag on
- ▶ Inability to make accurate workload forecast
- ▶ Poor communication between independent parties

Each one of these areas alone creates a significant amount of unnecessary cost to the system, and combined they have a negative impact on our ability to properly serve stores and ultimately, consumers. Given the challenging economic outlook over the next few years, now is the time to finally assign more organization, better disciplines, and more energy into fixing this very large retail expenditure.

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## Emerging Best Practices

There is good news. Emerging retail implementation best practices are having a direct and positive impact on driving down retail implementation costs. Here are the Top 10 best practices you should be aware of.

### 10 Best Retail Implementation Practices You Need to Know

- ▶ **Best Practice #1** – Provide dedicated, high-quality retail implementation labor that has been properly trained. Higher quality, trained retail implementation labor will actually reduce total costs.
- ▶ **Best Practice #2** – Establish a single point of accountability at each store to eliminate excuses. This will pay HUGE dividends.
- ▶ **Best Practice #3** – Mark resets completed only when 100% of the work is done so projects don't creep. Don't let things drag; it creates unnecessary costs and fuels poor disciplines.
- ▶ **Best Practice #4** – Require proof of performance and electronic signatures at store level. This eliminates many discrepancy and resolution issues.
- ▶ **Best Practice #5** – Establish hard schedules and plan ahead to make sure they're real. Don't underestimate the value of planning and communication.
- ▶ **Best Practice #6** – Determine labor hours ahead of time so there are no surprises in the stores. This is particularly important for home store programs where there's a fixed amount of labor budgeted each week. Inaccurate labor estimates can play havoc in the weeks following a poorly estimated budget.
- ▶ **Best Practice #7** – Create a just-in-time environment so stores receive all necessary fixtures and shelving 24 or 48 hours prior to reset. This activity is critical and often underappreciated.
- ▶ **Best Practice #8** – Track actual time down to the minute and charge based on actual minutes in the store. Eliminate rounding to drive out slack in the system.
- ▶ **Best Practice #9** – Publish results via the internet so performance is visible to all parties and people and provide proactive feedback mechanism. This will keep hourly workers from padding time. Work with store leads to determine how they are managing down costs.
- ▶ **Best Practice #10** – Identify savings and develop an annual plan to reinvest savings into promotions, prices, or other shelf activities that drive sales for both the supplier and retailer.

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## The Benefits are Real

The benefits of a best practice retail implementation program are real, and here are numbers that you can achieve:

- ▶ Reduction in retail implementation costs by 30%.
- ▶ 85% of resets done under budget.
- ▶ Complete elimination of discrepancies and wasteful resolution process.
- ▶ 96% on-time completion.
- ▶ 97% ACV on new item speed-to-shelf in three days.

The grocery industry spends more than \$600 million annually on retail implementation. We have the opportunity to extract \$200 million of value out of that, improve performance, and reinvest the \$200 million on more productive retail opportunities.

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## Getting Merchandisers to Understand Operations

In addition to overhauling the retail implementation teams, our industry has an opportunity to put more checks and balances into the planogram development process.

We literally have thousands and thousands of shelf schematic developers around the country developing planograms without any consideration for what it will cost to add a new item, move a shelf, relocate a brand in the set, or move the entire stocking section. They essentially have an open checkbook today to make change. Often, the developers are trying to make pretty pictures and have little regard, if any, for the cost of making pretty pictures.

While their job is important, we need to bring operations into the merchandising decision-making process. Cost must be a factor when we design new schematics. Here are a few steps you should consider building into your shelf schematic development process:

- ▶ **Step 1** – Create labor standards for each major activity, e.g., move shelf, and educate schematic developers and the Category Management team on the cost of each key change.
- ▶ **Step 2** – Establish maximum labor times for each category based on section size. Publish these rules and work with schematic developers so they don't go over.
- ▶ **Step 3** – Work with the space management vendors to incorporate a labor calculator component into their software so shelf schematic developers can see labor times and costs as they build planograms.
- ▶ **Step 4** – Create minimum ROI thresholds and hold planogram developers to those thresholds. Eliminate changes that don't generate at least a minimum target/threshold value.

Overhauling our retail implementation programs and bringing operations into the planogram development process will revolutionize Category Management and establish the disciplines that can eliminate a huge amount of waste.

The processes, tools, and programs are now available to truly get control of retail implementation. Let's get on with it!

## Next Steps

The next generation retail implementation programs are here! To learn more about how you can reduce your retail implementation costs, contact Paul Weitzel at 847-756-3717 or [paul.weitzel@willardbishop.com](mailto:paul.weitzel@willardbishop.com).

## Willard Bishop's Product Offers:

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**Private Brand Performance Gauge™** - The Private Brand Performance Gauge™ helps you understand the profitability of private brands, by category, so you can drive category performance and better understand the potential impact of private brands on your business. Delivered through a white paper and a set of analytic scorecards.

To learn more, contact **Spencer Blaker** – 847-756-3710 – [spencer.blaker@willardbishop.com](mailto:spencer.blaker@willardbishop.com)

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