

SMART DECISIONS - how business intelligence can improve the customer experience and business performance

By Richard Clarke, Practice Lead for Retail Consulting, Fujitsu Services

Success in retail is all about making the right decisions: Every day you and your teams make thousands of planning, ranging, pricing, inventory, logistics and staff scheduling decisions.

AUTHOR



Richard Clarke is our Practice Lead for Retail Consulting, responsible for providing consulting services to retail clients across the UK, Nordics and Continental Europe. With over eighteen years in retail, Richard has worked at senior levels in industry and consulting, in both strategy and operations. He specialises in helping retailers deliver the right multi-channel customer experience and commercial performance via the key trading levers - range, space, price, promotion and store operations - supported by practical and results-based business change. Richard has authored past publications on retail issues and is a regular commentator and conference speaker.

richard.2.clarke@uk.fujitsu.com

Decision-making in effect fuels the business and if you make smart decisions can provide a superior customer experience giving you competitive edge. Tesco is a shining example of a business using its knowledge about customers to drive loyalty. Mining information on its ClubCard customers helps it understand shopper behaviour; it is then able to feed this through the business to shape local offers, target personalised promotions and ensure the right product is in the right locations.

But how do retailers make informed, intelligent decisions every day? How do you progress from 'gut feel' to knowledge-driven decisions, from 'one analyst with a spreadsheet' to a more structured business intelligence (BI) 'service', where decision-makers receive the relevant reports and insight they need to do their job? Most importantly, how do you keep costs down and reduce IT complexity? The solution is a service-led model based on the business requirements and incorporates rigorous service level reviews.

Think about the needs of the user first, not the IT

Business intelligence - the capture, analysis and exploitation of data - is typically not well defined as a discipline in retail. Too often IT architecture is top of mind. It is not always clear where 'intelligence' is needed in the day-to-day business trading cycle. Successful retailers who have integrated analytics into their trading disciplines understand the value of intelligence and the needs of the users at each particular stage.

For most retailers, the trading cycle helps to define the needs of internal users and

the service model and SLAs needed to support this. For example, lead times for a six monthly range review report will be different to the hour-by-hour inventory management required at peak Christmas trading period. Understanding the 'cycle' also means you can design the IT infrastructure, applications, data models and dashboard front-ends to minimise IT complexity, reduce TCO and deliver maximum value to the business. Understanding the cycle, viewing BI as a service and building an IT model fit for purpose are the first steps to improving performance.

Organising for service delivery

Most retailers use a number of different systems to source data and feed reports to end users. Many larger retailers have invested in tools such as data warehousing and analytics to provide advanced query reporting. Others however, rely on basic reports and spreadsheets.

Few think about the organisation and roles required to deliver a high performing BI service. Too often buyers, finance managers, store colleagues and logistics staff are expected to take on the role of BI. It is not surprising therefore that the process fails and people revert to legacy systems.

Successful retailers adopt a simple competency-based approach to BI delivery. Data modelling and querying, business analytics, report building, insight generation and decision-making are all disciplines within the BI process which need specialist resource or coaching. A 'shared services' model where a business insight specialist is shared among users is an increasingly popular and cost-effective way to analyse data and provide consistent actionable insight. A 'combined' model, which sees an analyst/planner working alongside each user, is less centralised but potentially more relevant, category by category.

'It's not what you know, it's the way that you do it'

The final critical success factor for a service-led BI model is execution. Data and business insight are so often left under-exploited because it is not clear how to use the information. Most retailers want to industrialise the process of data gathering, analysis and insight generation in order to provide the end user with faster, cheaper and more reliable information. But even the richest insight is arguably worthless unless you

are able to use it; so linking reporting and analysis to operational systems is another major requirement – the easier it is to action reports, the more likely it is they will make a difference.

Many retailers are finding different ways to ensure insight is actioned – keeping reporting simple and standardised, integrating ERP operational systems into business insight dashboards to ensure a seamless bridge to actioning information, building insight usage into performance management systems and metrics, as well as providing dedicated coaching and support for business users.

Three Key steps

To summarise, in our view there are three key steps retailers need to take to deliver high performing business intelligence:

1. Map the BI 'trading cycle' for your business – this will help to define the user needs, the service model and IT architecture required
2. Organise for data exploitation – provide decision-makers with the necessary specialist support or coaching
3. Ensure business insight is actionable – new insight has no value until it impacts understanding, decisions and customer behaviour

Business Intelligence will always be challenging: with exploding multi-channel data volumes, high-cost complex IT architectures, difficult business questions which need answering and demanding users. But today and in the future, the retail winners will be those who can deliver actionable business insight like any other service, at the right time, to the right users for the right cost; from making decisions in the dark to being a truly knowledge-driven business.

Richard would welcome your comments by email richard.2.clarke@uk.fujitsu.com or at uk.fujitsu.com/opinion