



Assortment Planning - Understanding the Basics

Assortment Planning is like a box of chocolates. No really. The next time you have a box of chocolates, take a look at what you have. There are lots of choices that you absolutely love yet there are others where you wonder if the company was simply trying to clear out their inventory.

That's the trick with Assortment Planning. To get the right product that everyone loves to the right position in the box.

Assortment Planning is generally defined as the process to determine what (breadth of customer choices) and how much (depth or quantity by store) should be carried in a merchandise category. Simply said, an assortment is the right mix of merchandise for a store and its customers.

So now back to our chocolates. Put too many of one kind into the mix and you run the risk of the customer turning to a different box of confections or shopping at a different store.

The Essentials of Assortment Planning

How is this all accomplished within a retail organization? .

Assortment Planning contains a series of business steps that translate the high-level gross receipts plans into the specific mix of merchandise. For a single Assortment Plan, process steps occur over a long period of time, and any of the steps can occur iteratively. Each retailer will have their own steps and language, but overall the process looks very similar to the following:

Look at the sales history.

What were the best sellers and why? Which products should carry forward? What worked well and what did not work at all? Did we buy too much or too little?

Set your goals and objectives.

Translate the financial goals, and company and category strategies into targets for Assortment Planning.

Define your assortment strategy.

How many options are needed to meet newness and freshness goals? How many of the existing line stays in place? Which need to be replaced? What is the count needed to meet the financial goals?

Buy.

Generate merchandise purchase orders.

Throughout the process, include steps to review the plans at a detailed and summary level. The results of the Assortment Planning process will feed into merchandise purchase orders and into allocation of merchandise to the stores.

For example, Assortment Planning for fashion and seasonal products (apparel, electronics, home) needs to focus on receipt flow planning, markdowns, allocation and long lead times. Assortment Planning for non-fashion (food, grocery) tends to be focused on the supply chain, promotions, replenishment and short lead times.

Do not underestimate the amount of work and the amount of change...

Establish the line build and refine the range.

Assign stores to planning options and tailor for space and other location attributes. How much inventory coverage is needed? What is the markdown strategy? How many facings get assigned to each store group? Customize for specific stores due to exception situations.

Plan sales and receipts.

When should promotions happen? What distribution center (DC) and store receipts are needed to support the inventory goals and sales?

Reconcile, validate and refine the plan.

Do planned sales support the financial plan? Are the planned margins in line with goals? Does the assortment fit into the space allocated?

The Challenges of Assortment Planning

Do not underestimate the amount of work and the amount of change to your organization as you embark on your Assortment Planning journey. Change management is perhaps the biggest challenge retailers face in adopting a new Assortment Planning strategy or technology. It is key to engage well-experienced change management resources at the beginning of the journey. The keys to making the changes stick are:

- Get the senior executives involved. It is not enough to just talk about the effort, they must be engaged and lead by example.
- Each manager and in fact each individual team leader must own the change management for their teams.

Prepare your teams via a very clearly articulated process

- A well-oiled process so that various teams can work together with mutual respect is critical.
- Clearly defined roles and responsibilities will enable all parties to understand how each position/person should contribute to the success of the Assortment Planning process.
- Prepare your teams via a very clearly articulated process on how to collaborate using the new business steps.

WHAT DOES COLUMBUS CONSULTING INTERNATIONAL BRING TO THE TABLE?

We are a unique agent of change for any client that we work with. As a trusted partner, we can guide, support and deliver new ways of working to a company through our:

- Deep expertise in planning – We have “sat in the seats” of our clients in corporate roles and have first-hand industry experience and understanding of Best Practices.
- Unique mixture of strategic insight and hands-on pragmatism.
- Agility and flexibility in focusing on your success.
- Change management – We know how to make change stick and how to work with users/stakeholders to successfully adopt change.
- Assortment Planning has been a core

strength of Columbus Consulting since our inception, with a team of professionals who have direct experience from a variety of companies across the globe and a broad range of retail sectors. Our consultants have worked for over 15 years implementing leading Assortment Planning technologies across a variety of technology platforms, and we are software vendor agnostic.

Columbus Consulting leverages the extensive experience of proven retail executives, planning professionals, and systems and technology experts. Our team understands that Assortment Planning is complex and we recognize that in order to be successful, the solution must be a perfect match to the needs of the retailer.

For more information, and to learn how Columbus Consulting can bring real and lasting change to your company, contact us or visit www.columbusconsulting.com.

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