columbusconsulting
INSIGHT ☀ SERIES

Project Management in Merchandise Planning and Allocation - Understanding the Basics

With any major business undertaking, proper project management plays a huge role in the success or failure of the endeavor. Managing a project from the initial idea, through planning and execution, can be a daunting process that requires the attention and leadership of a dedicated team.

In retail merchandise planning and allocation, at any given time, there are likely one or more projects taking place in an organization that may require significant resources from an already stretched team. While the merchandise planning and allocation technology itself is vital, the key to success is often great project management.

But where do you start?

The Essentials of Project Management

The best way to get started with any project management task is to clearly define what your project is and is not, so you know exactly what you're tackling. For these purposes, let's focus on merchandise planning and allocation.

- **Merchandise Planning** is defined as the process of setting and maintaining future performance goals for sales, inventory and other financial metrics and tracking actual results and variances to those goals. Planning decisions are based on historical trends and management insight into expected future changes such as number of stores, calendar shifts, business shifts and promotional events.

- **Allocation** is the process of assigning individual item quantities to specific stores based on analytical approaches that recognize the performance of those items and their history or potential at different stores. Using multiple sets of rules and logic allows allocation to handle a wide variety of product types when planning the buy or executing the distribution.

The project definition or charter should further refine these function definitions and provide a clear path for how the project will be managed. Address the project objectives as they relate to achieving the stated functionality – *what is in scope? What is out of scope?* You'll also want to define project member roles and responsibilities, major meetings such as design meetings and steering meetings, status reporting, known risks and assumptions and ultimately what the project will deliver. If you have not documented the process of how the business currently operates, do that now. It will serve as the springboard for the changes brought by the project.

Next, define and get approval on how the business will operate with your new Merchandise

resources required for your project. Ask yourself:

- Who should be involved in the project?

- Who are the "must have" resources for the project? Can the project succeed without them? If it hurts to have them out of their regular day-to- day job, they are probably right for the project.

- Who will make the biggest impact to the project – both positive and negative?

- Who and how does the completed project affect each resource?

- What do they bring to the table?

- What is their sphere of influence?

Your project will not succeed unless the entire business is behind it.

Planning and Allocation processes in place. This is often called the "To Be" process, and it should define how the objectives listed in the project charter will make the business more efficient, effective, and improve the bottom line. It takes into consideration the deficiencies of the current process and the benefits of the new process. This serves as the road map for the project and helps the project manager oversee the scope of the effort.

Your project will not succeed unless the entire business is behind it. You need to make sure that you have executive commitment and the key individuals on your project.

Identify the various stakeholders when planning the

Identifying the key stakeholders and sponsors early increases the chance of project success. Using the project charter and its definition of scope, prepare detailed statements of the project scope and deliverables, as well as a project plan. Get formal approval and then use this approval to control the scope of the project as you move forward.

If a stakeholder requests a change to the scope, make sure that the requested change is documented and the impact to resources, dollars, and time line is identified. The project sponsors must formally approve the change before it is acted on.

It is not good enough to have a monthly meeting

Communication must be properly managed, or it can have a negative impact...

with the key executives. You need to have ongoing meetings so that everyone can learn how the project is progressing and how it will ultimately affect them. It is best to have a well-defined communication plan tailored to your company, your project, and your stakeholders and executive sponsors.

Communication will take many forms, from email to brown bag lunches to weekly status reports, and a monthly steering committee report. The important thing is ensure sure that you have various communication methods, so that each team member can understand what is being said.

Communication must be properly managed, or it can have a negative impact on the entire project. For example, you may not find out until it's too late that a developer isn't great at estimating. Or maybe the project manager takes everything that comes out of the team's mouth as gospel and reports it right away to the world. Having a communication plan in place from the beginning helps in how communication is carried throughout the project.

The Challenges of Project Management

There's no such thing as a perfect project, and there will be challenges, such as resistance to change, one of the most common barriers to overcome in project management.

The old adage, "you can't teach an old dog new tricks," has some correlation here. It's human to resist change, and your project will require changes to how team members plan their products and locations, and how they allocate those products to the locations. If the user community doesn't feel comfortable in adopting the new process or application, then they will be unhappy users, which can influence many others to feel the same way and have an impact on the success of the project.

In order to handle this transition, a change management plan is needed in order to facilitate the changes. At a high level, this includes proper training on how people's daily routines will change and how it impacts the business process they know today. While user resistance can't be completely eliminated, you'll encounter greater acceptance with a plan in place.

There are many success factors when planning a project, but one phase that some projects take for granted is the value of testing. Planning and Allocation projects must be tested to ensure the proper metrics have been included, the calculations are mathematically correct, and the hierarchies are scoped correctly, to name a few. This type of testing needs to be managed properly, and on large-scale projects it's always good to have a testing lead to manage all the testing resources.

What Does Columbus Consulting International Bring to the Table?

We are a unique agent of change for every client 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 project management – 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 and stakeholders to successfully adopt change.

Project management 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 over 15 years project management 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 project management is complex and intricately tied to every project management task. 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.

columbusconsulting
RETAIL | ECOMMERCE | WHOLESALE

U.S.A Headquarters
4200 Regent Street
Suite 200
Columbus, OH
43219

columbusconsulting
I N S I G H T S E R I E S