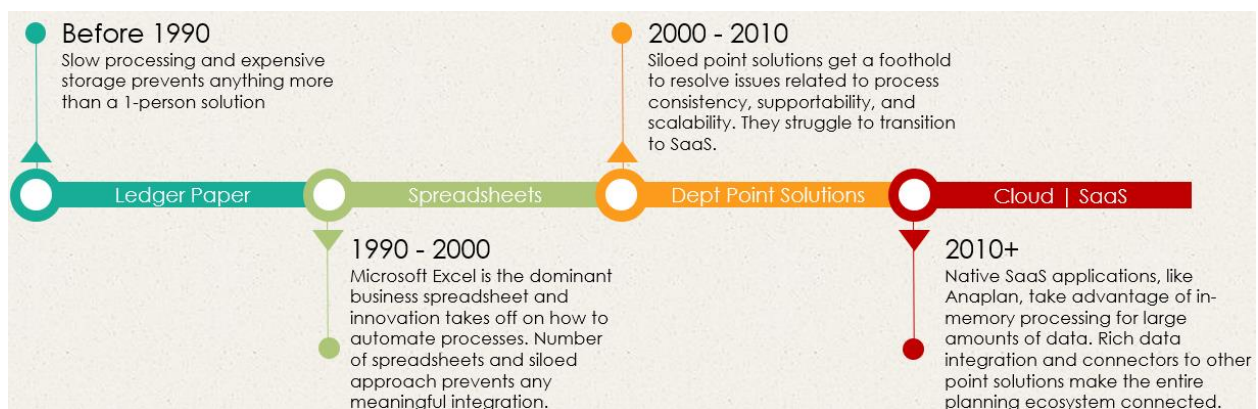# Retail Planning: The Business Case for Anaplan

Article Abstract

Anaplan is an ideal platform to enable virtually all retail, wholesale, and ecommerce planning activities. The value provided by Anaplan combines the flexibility of spreadsheets and the connected business drivers in today's most common point solutions. But the best part is that when fully deployed to the organization, Anaplan ensures the right people are planning with the right data, at the right time, and within the right connected process environment. Meaning, planners are driving business instead of running around endlessly piecing data together from different parts of the business.

Retail Planning History

I think it's important to start with how technology was used to enable planning activities over the last 40 or so years because these solutions framed the retail planning landscape that we see today.

The vision and interest to connect retail planning activities was well understood before 1990, but technology wasn't as evolved as our ambition.

Before 1990
Slow processing and expensive storage prevents anything more than a 1-person solution

Ledger Paper

1990 - 2000
Microsoft Excel is the dominant business spreadsheet and innovation takes off on how to automate processes. Number of spreadsheets and siloed approach prevents any meaningful integration.

Spreadsheets

2000 - 2010
Siloed point solutions get a foothold to resolve issues related to process consistency, supportability, and scalability. They struggle to transition to SaaS.

Dept Point Solutions

2010+
Native SaaS applications, like Anaplan, take advantage of in-memory processing for large amounts of data. Rich data integration and connectors to other point solutions make the entire planning ecosystem connected.

Cloud | SaaS

Before 1990 – Ledger Paper

Ledger Paper

Because technology was so limited and data storage so expensive, the Retail Inventory Method, or RIM was the dominant method for inventory valuation and for inventory balancing. RIM does not use units, but rather estimates the cost of goods sold by tracking the cumulative markup on new receipts. The method for merchandise planning and store planning was to use ledger paper and electric erasers. I can still remember the holes my eraser created from reworking my plans over and over.

The most important observation from this time period is that the demand for planning automation was so high that even a one-person solution was considered value-add. I should note that VisiCalc (1979), SuperCalc (1983), Lotus-123 (1983), Quattro Pro (1988), and Excel (1987) showed up in most of the retailers by 1990 but it was for DOS, slow, limited memory and usually for one PC that everyone on the floor had to share. Mainframes had a role but mostly for transactional systems like item setup, allocation, purchase orders, and replenishment.

1990 to 2010 – The Rise of Spreadsheets and On-Premise Point Solutions

Spreadsheets

The race was on to innovate using whatever technology was in Gartner's upper right-hand quadrant. As technology evolved, we continually rebuilt our planning applications in the seemingly never-ending chase to get us one step closer to our connected planning vision.

By 2000, spreadsheets were so pervasive that on-premise point solutions were able to make a good case for their offerings to consolidate and enforce consistency through best practices. But it didn't take long for retailers to realize that integrating these proprietary systems together was harder and more financially burdensome than trying to integrate all those spreadsheets. Sadly, most retailers continued to use their spreadsheets.

2010 to Present

Cloud | SaaS

Internet and computing speeds are fast enough to support software-as-a-service (SaaS). The new generation of cloud vendors were able to learn from prior generation solutions to build platforms that were very functionally rich and flexible, while also taking advantage of the latest advancements in technology to maximize speed and scalability.
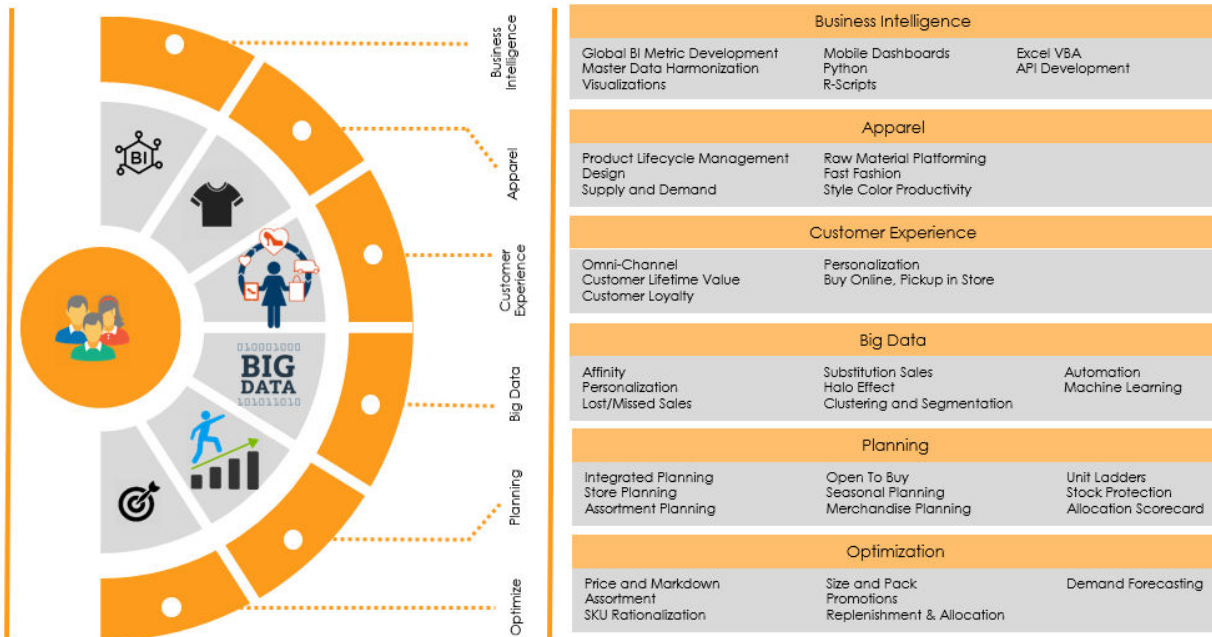
Anaplan's founder, Michael Gould, had been involved in the development of three prior generations of planning tools. Anaplan also benefited from not having to worry about compatibility with legacy applications, as they had a fresh start.

As one might expect, retailers were slow to adopt SaaS because many had already made significant investments in point solutions and point-to-point integrations. The pathway to a connected planning environment would require a practical and financially achievable roadmap.

Meanwhile, it was obvious to retail planning solution providers that SaaS was the future and they quickly invested in their technology roadmap to point towards that aim. The problem for most of them, however, is that their applications were meant for on-premise, mostly client/server platforms, and the transition to cloud was, and still is, very challenging.

Native cloud solutions are inherently better optimized for connected planning because they use open source technologies, provide rich data integration methods, outsource scalable and secure data centers, rely heavily on in-memory storage, and best of all leverage and connect their customers and partners to help improve their offerings.

2020 Retail Planning and Analysis Processes

Business Intelligence		
Global BI Metric Development	Mobile Dashboards	Excel VBA
Master Data Harmonization	Python	API Development
Visualizations	R-Scripts	

Apparel		
Product Lifecycle Management	Raw Material Platforming	
Design	Fast Fashion	
Supply and Demand	Style Color Productivity	

Customer Experience		
Omni-Channel	Personalization	
Customer Lifetime Value	Buy Online, Pickup in Store	
Customer Loyalty		

Big Data		
Affinity	Substitution Sales	Automation
Personalization	Halo Effect	Machine Learning
Lost/Missed Sales	Clustering and Segmentation	

Planning		
Integrated Planning	Open To Buy	Unit Ladders
Store Planning	Seasonal Planning	Stock Protection
Assortment Planning	Merchandise Planning	Allocation Scorecard

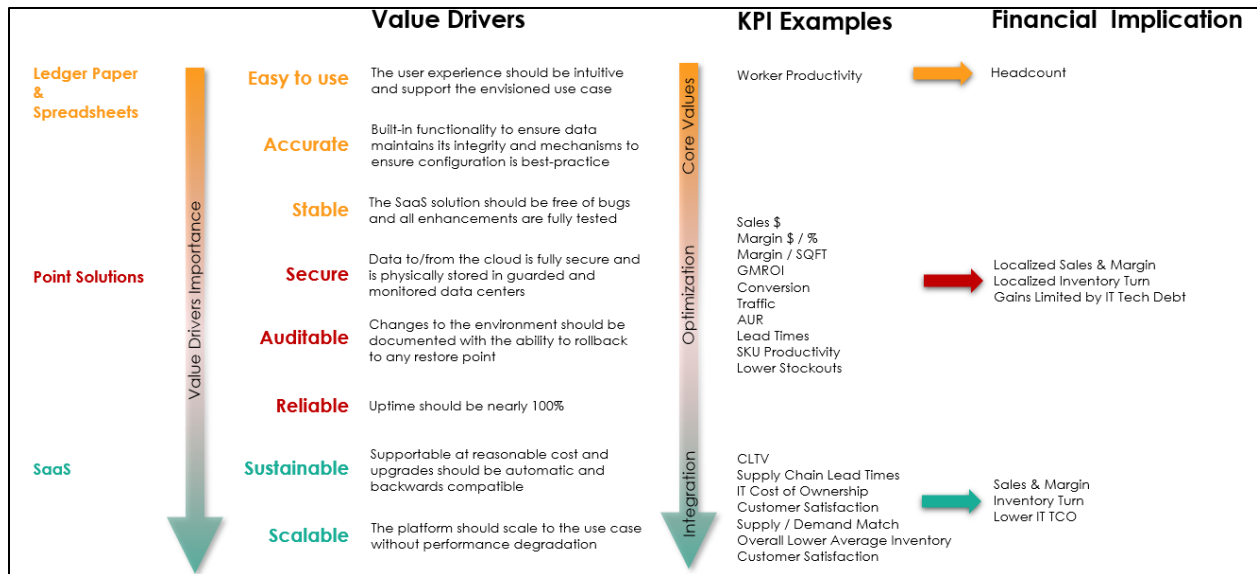| Optimization		
Price and Markdown	Size and Pack	Demand Forecasting
Assortment	Promotions	
SKU Rationalization	Replenishment & Allocation	

Retailers have known for a very long time what they want from a planning ecosystem. Everything in this retail wheel of functionality should relate to a common data source but because of today's mishmash of spreadsheets, point to point solutions, and unsupportable integration points, this diagram, for most, tends to resemble a wheel of idealism, an unobtainable library of enabled and connected processes.

Value drivers

A common realization became evident as retailers' solutions evolved from ledger paper to a kludgy and expensive integration of point solutions. That is, if the vision of a connected planning environment was the goal then there would have to be a financially rationalized strategic roadmap that takes them from their current state of investments to the envisioned state. In addition, the roadmap must also realize an ongoing return on investment.
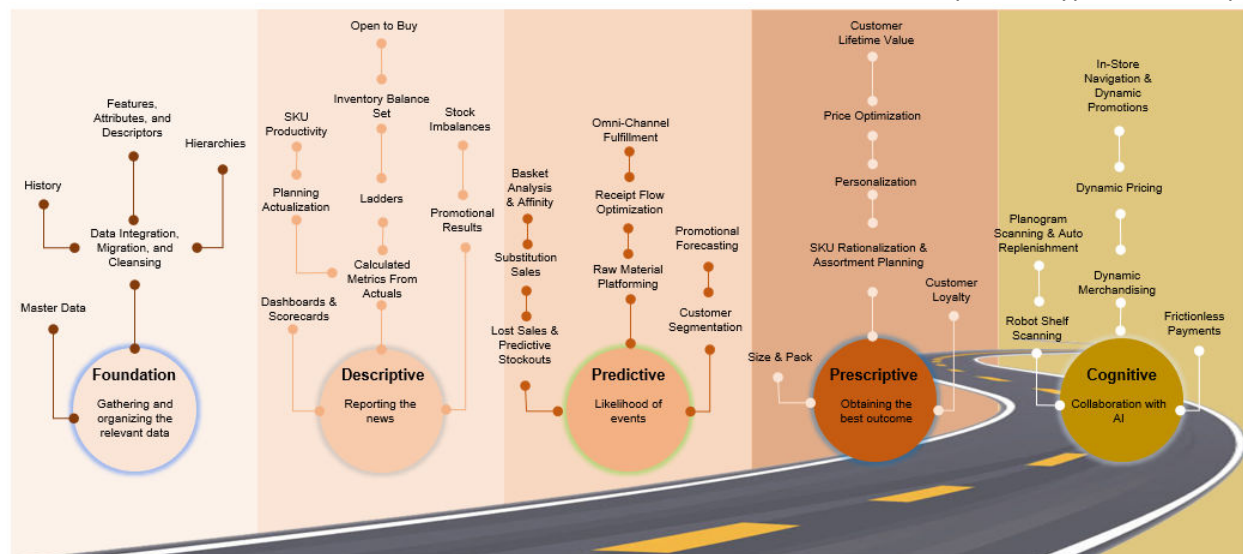
To accomplish this task, many retailers used value drivers, or capabilities, that must be present in the solution as the complexity of the solutions increased. The value drivers are then mapped to KPIs which in turn are mapped to measurable financial drivers to rationalize capital investment.

Value Drivers   KPI Examples   Financial Implication

Value Drivers Importance

Stage	Value Driver	Description
Ledger Paper & Spreadsheets	Easy to use	The user experience should be intuitive and support the envisioned use case
	Accurate	Built-in functionality to ensure data maintains its integrity and mechanisms to ensure configuration is best-practice
	Stable	The SaaS solution should be free of bugs and all enhancements are fully tested
Point Solutions	Secure	Data to/from the cloud is fully secure and is physically stored in guarded and monitored data centers
	Auditable	Changes to the environment should be documented with the ability to rollback to any restore point
	Reliable	Uptime should be nearly 100%
SaaS	Sustainable	Supportable at reasonable cost and upgrades should be automatic and backwards compatible
	Scalable	The platform should scale to the use case without performance degradation

Core Values → Worker Productivity → **Headcount**

Optimization

Sales $
Margin $ / %
Margin / SQFT
GMROI
Conversion
Traffic
AUR
Lead Times
SKU Productivity
Lower Stockouts

→ Localized Sales & Margin
Localized Inventory Turn
Gains Limited by IT Tech Debt

Integration

CLTV
Supply Chain Lead Times
IT Cost of Ownership
Customer Satisfaction
Supply / Demand Match
Overall Lower Average Inventory
Customer Satisfaction

→ Sales & Margin
Inventory Turn
Lower IT TCO

How it Starts

To work within the boundaries of an organization's human resources, appetite for scope, and budget allocation, a strategic roadmap can be implemented at a pace that optimizes these three competing levers. Implementations start with one to five use cases, typically framed in a long-term roadmap, to articulate the organizations long-term vision.

Illustrative example of a typical roadmap

Foundation — Gathering and organizing the relevant data
- History
- Master Data
- Features, Attributes, and Descriptors
- Hierarchies
- Data Integration, Migration, and Cleansing

Descriptive — Reporting the news
- SKU Productivity
- Inventory Balance Set
- Open to Buy
- Stock Imbalances
- Planning Actualization
- Ladders
- Promotional Results
- Calculated Metrics From Actuals
- Dashboards & Scorecards

Predictive — Likelihood of events
- Basket Analysis & Affinity
- Omni-Channel Fulfillment
- Receipt Flow Optimization
- Promotional Forecasting
- Substitution Sales
- Raw Material Platforming
- Customer Segmentation
- Lost Sales & Predictive Stockouts

Prescriptive — Obtaining the best outcome
- Customer Lifetime Value
- Price Optimization
- Personalization
- SKU Rationalization & Assortment Planning
- Customer Loyalty
- Size & Pack

Cognitive — Collaboration with AI
- In-Store Navigation & Dynamic Promotions
- Dynamic Pricing
- Planogram Scanning & Auto Replenishment
- Dynamic Merchandising
- Robot Shelf Scanning
- Frictionless Payments

Once a foundation is set and the benefits are documented, more advanced applications can be built and connected to each other. After that, other departments and divisions will take an interest and eventually a critical mass is reached where there is a connected planning environment established. Applications are integrated into a common data hub, ideally governed by an Anaplan center of excellence to support adherence to standards, knowledge sharing and data governance.
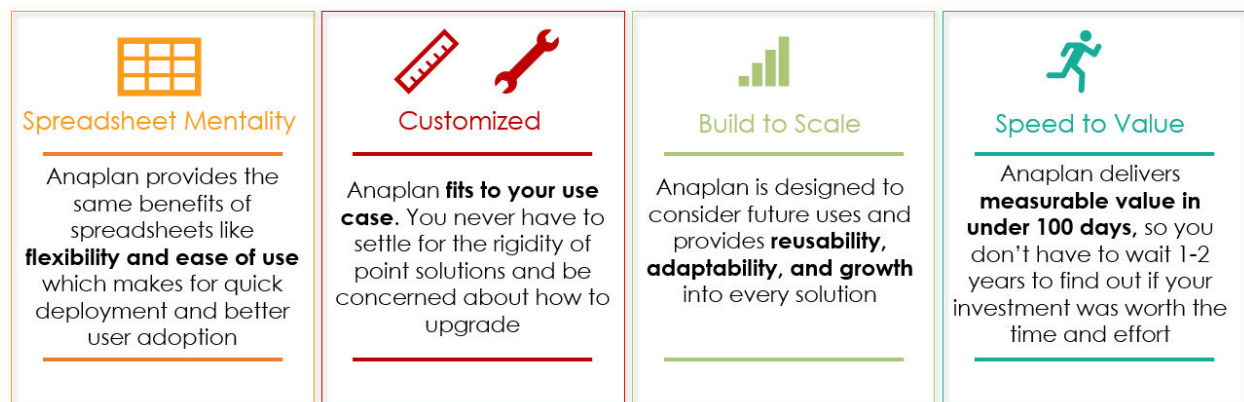
Why Anaplan?

Anaplan connects and enables planning activities together in a single platform, a dream that started with retail planners before 1990 and born from frustration with having to erase their merchandise plans dozens of times in order to achieve turnover out 3 decimal points. Anaplan further adopts the advantages of future solutions by taking the ease of use and flexibility of spreadsheets and layering on the benefits of point solutions like security, scalability, and auditability.

Anaplan can accommodate a spectrum of applications, from simple to fully integrated and automated. This is Anaplan's distinct advantage to connect all the planning activities in one platform.
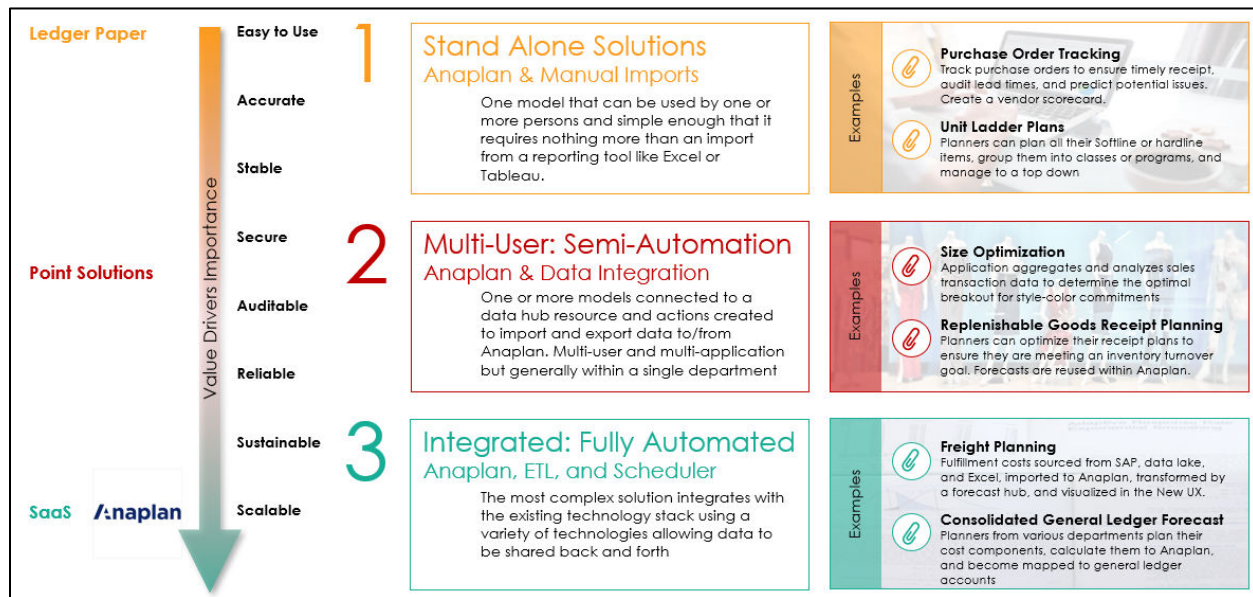
Anaplan relieves the pressure on IT because the application development is designed to be built by business users. In addition to the development benefits and the financial benefits that come from connected planning, Anaplan also provides four distinct features.

Spreadsheet Mentality	Customized	Build to Scale	Speed to Value
Anaplan provides the same benefits of spreadsheets like **flexibility and ease of use** which makes for quick deployment and better user adoption	Anaplan **fits to your use case**. You never have to settle for the rigidity of point solutions and be concerned about how to upgrade	Anaplan is designed to consider future uses and provides **reusability, adaptability, and growth** into every solution	Anaplan delivers **measurable value in under 100 days,** so you don't have to wait 1-2 years to find out if your investment was worth the time and effort

Addressing Change Management

You might be asking with all this change how does Anaplan ensure user adoption? We all know that retail processes are fundamentally the same at their core, but we also know that no retailer implements them the same way or connects them similarly. Even within organizations that have multiple sales channels (retail, wholesale, ecommerce) and regions (Americas, Europe, Asia Pacific) there are usually inconsistent processes. Anaplan squarely addresses this need by connecting applications front-to-back, meaning they start with the user story and build out a solution around it. There are no pre-conceived solutions.

A great, flexible platform can miss the mark if proper diligence is not put in during the planning and execution of the application. Given the speed and flexibility of the platform, Anaplan implementations typically follow an Agile / SCRUM methodology, called the Anaplan Way. Anaplan also provides a blueprint for developing an Anaplan center of excellence in the organization with the intended vision to ensure user-adoption remains high, data quality is maintained, and applications are connected optimally.
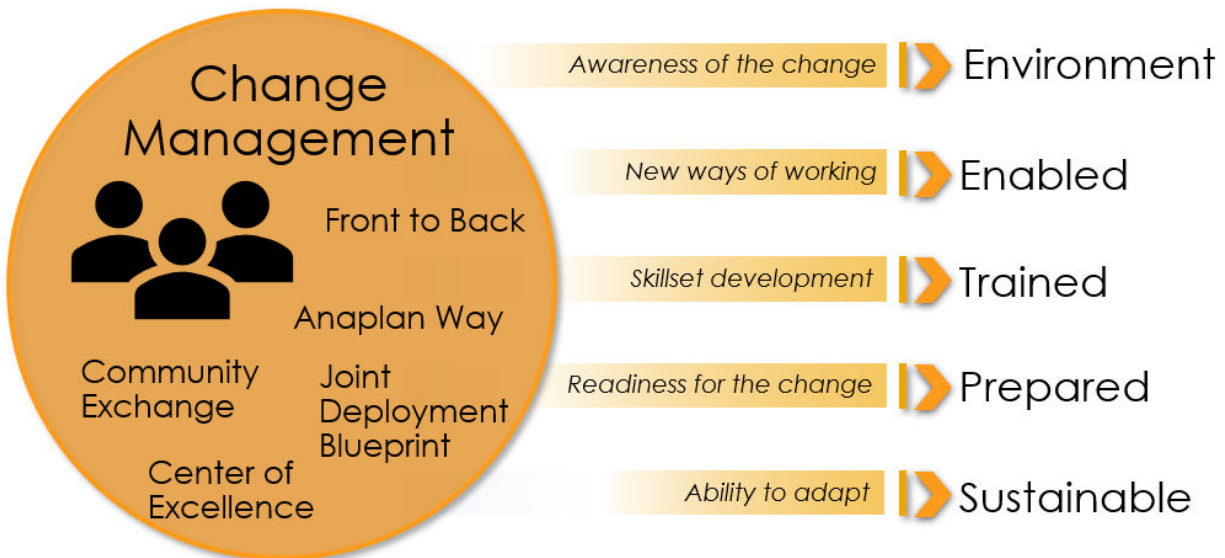
But for many, the best part of Anaplan's ecosystem is their Community Exchange. There you can ask any question about the platform and usually within 5 or 10 minutes you'll get an answer, usually more than one, from people all around the world. In addition to being able to collaborate with other Anaplanners you will also find a vast library of documentation, best-practices, blog articles, and newsworthy events.

Summary

Post 1990, retailers finally could grow beyond the one-store format now that technology caught up and allowed them to automate routine tasks. Their vision of connecting all the functional areas of the company: human resources, merchandising, finance, accounting, operations, supply chain, marketing, and design was always well understood but technology could only take them so far.

Over the years, retailers made massive investments in technology and benefits were gained. However, with the introduction ecommerce mega-retailers, traditional companies need to plan more effectivity and respond to insight through improved visibility across the organization if they want to compete.

With the adoption of SaaS platforms like Anaplan, the timeless vision of connected planning is possible. Implementation of a connected planning ecosystem doesn't have to be rapid but rather, resolute, measured, and focused.

On a personal note, I've worked with many retail planning systems over the years. With the introduction of Anaplan, a SaaS provider, I have an optimistic outlook for what I've always believed to be the ideal retail planning configuration.

Author

Jared Dolich
Columbus Consulting - Principal Consultant
2020 Master Anaplanner & Community Boss

Jared's passion for retail trace back to his high school days when he sold cinnamon toothpicks to his classmates. After being introduced to retail planning solutions as a buyer at Target Stores, he's been on a personal journey ever since to help retail practitioners reach their potential. Recently named a 2020 Master Anaplanner and Community Boss, Jared provides retailers, wholesalers, and ecommerce executives and planners the support they need to fully optimize the Anaplan platform. Prior to joining Columbus Consulting, a consultancy focused on the retail industry, Jared was a retail IT executive for Target, Tuesday Morning, Payless, and Ascena.

About Columbus Consulting
Columbus Consulting was founded over 19 years ago by retailers to serve retailers, and we have grown to become the nation's largest boutique consulting services firm focused exclusively on providing recognized business and technical expertise in retail, e-commerce, and wholesale. We are a professional services firm where the managing partners, principals and consultants are all former retailers or have provided retail consulting services for most of their careers. Columbus Consulting prides itself on delivering world-class business processes, operating models, organizational structures, and practical, executable strategies and solutions that optimize and align finance, operations, sales, margin, and inventory across all channels of retail operation. Since 2001 we have delivered 500 solutions to over 150 retailers and 96% have resulted in follow on engagements based on the high-quality delivery of our initial project. In 2019 alone, over 150 Columbus Consulting professionals were engaged at 99 retailers across the globe.