

## A Case Study

### Merchandising Transformation

#### Client

A \$3 billion nationally recognized multi-channel (catalog, retail store, internet and B2B) retailer with a loyal customer of softlines and hardlines product.

#### Challenge

The merchandising organization was faced with declining margins, rising inventory and flat sales. The process was hindered by misalignment of inventory and planning functions with the merchandising counterparts and therefore, slow responsiveness to trends and opportunities. The executive team wanted to improve the organization structure and processes to drive sales, margin and 'big ideas.'

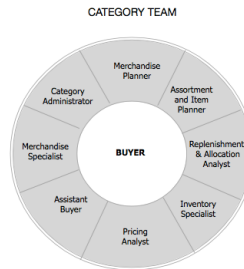
#### The Parker Avery Group

The Parker Avery Group is a boutique strategy and management consulting firm. We are a leading provider of strategy and business consulting services to retail and consumer goods companies. We work with our clients to help them research and develop strategies, design improved processes and execute change. We specialize in integrating customer insights and multi-channel business models.

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#### Parker Avery Solution

The Parker Avery Group designed a merchant-centric organizational model and consolidated planning and inventory functions. As part of the solution, PAG also designed roles and role-based



training to implement a more efficient and productive process. The roll-out included training more than 300 individuals to perform new jobs

with more efficient and productive processes. The processes designed and trained included:

- Category Strategy
- Assortment Planning
- Product Development
- Purchasing
- Price Management
- Allocation
- Replenishment
- Vendor Management

Over the course of 10 months, the organization was transformed. Results were recognized within the first 90 days.

#### Results

As a result of the PAG project, the client has experienced the following published benefits (most recent quarter),

- Revenue increase of 2.4% comps
- Margin increase 250 bps
- Inventory Turn improvement by 50 bps
- Reduction in excess inventory by 15%