

RTG Newsletter

Published quarterly by The Retail Technology Group
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FROM THE PRINCIPAL'S OFFICE

Well, 2007 ended with no bang at all. The first few weeks of 2008 weren't full of great news either. While some retailers are holding their own, companies with which I grew up, such as Levitz, Lillian Vernon, Fortunoff's, and other newer companies like Sharper Image, are either operating under bankruptcy protection, or have ceased operating. A number of other household names are closing stores totaling in the 100s. What can retailers do? What can information systems departments do to stem the tide? What can we do to help you?

Bob Amster - Principal, RTG

When the going gets tough...we show up

By Bob Amster, The Retail Technology Group

I know, it sounds terribly self-serving. We are the cavalry riding over the ridge to help save the day. Well, maybe. There is a complaint in the advertising industry that when their sales are soft, the first thing that companies do is cut the advertising budget, and that cutting the advertising budget is the *last* thing they should do. I submit to you that similarly, when the retail business is bad - as it is right now - is when retailers look for ways to reduce operating costs and desperately to increase sales, yet they are loath to spend on consulting fees. Which brings me to where we come in.

In the space of less than one year, we conducted three separate and distinct process improvement engagements for three completely different types of retailers. The first is an off-price national retailer with fewer than 100 stores. The second is a specialty hard-goods, retailer with 400 stores, and the third is an early stage retailer of gift items and personalized stationery. In all three cases, and without spending a lot of time or a lot of their money, we identified so many opportunities to reduce unnecessary labor hours through streamlined processes and either reduce cost or increase selling hours that, by their own admission, our fees were paid multiple fold.

The responsibility of modern information systems and technology departments includes anticipating what can be done to reduce costs and increase sales through the application of their craft, bringing those ideas to management, and then executing the agreed

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upon measures. Curiously, not all systems and processes are improved through technology, but through merely re-defining the process so as to eliminate non-critical, or even vestigial functions ('we've always done it this way, we just don't know why'). Even more interesting, is that the ROI is seldom difficult to prove. In fact, the assumptions about the impact of the recommendations upon the business have been predominantly conservative assumptions. The actual results can be dramatically better.

Clearly, once we leave, it is really up to retailer to execute the agreed upon recommendations, or else all bets are off. If invited, we conduct (and stick around for the results of) pilot implementations in a controlled environment to prove that the assumptions are right.

The 'bottom line' is that wherever we are engaged, we find opportunity. And if retailers heed our recommendations, or even a variation thereof, they cash in on the opportunity. Money well spent...because the 2 larger firms will save 7 figures annually and the start-up will save 6 figures annually.

WHAT'S NEW

Visit our Web site!

Obtain more information about us at
www.RetailTechnologyGroup.com.

In the News

Lover's Lane

Lover's Lane sells "products to help couples enhance loving relationships." This multi-channel retailer runs 29 stores, a Web site and multiple catalogs. We are assisting this retailer to replace its existing merchandise management and POS systems.

Things Remembered

We are working with this mall retailer of engraved gifts to streamline the Merchandise Planning and Allocation function.

Highland Consumer Fund

We have been providing due diligence services to this newly formed \$300MM venture capital fund on the state of information

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systems and business process of target companies. Additionally, we work with the portfolio companies to help improve their IS environment.

City Sports

We have begun a series of projects with this portfolio company of the Highland Consumer Fund, located in Wilmington, MA. The first two entail the implementation of an upgrade to POS software from Epicor | CRS, including full-color, touch screen, signature capture; and a Loss Prevention module.

Coach

We continue to provide system design and project management services to this successful retailer of leather products. We are happy to work for a retailer that - for the second year in a row - was named the number one High-Performance retailer!

Canada Post

Robert Lawson is on assignment at Canada Post, assisting on their next generation POS system.

The Retail Technology Group:
www.retailtechnologygroup.com
is located at:
761 Rock Rimmon Road
Stamford, CT 06903-1216
Telephone 203 329-2621
bamster@retailtechgroup.com