



# Three Things You Might Have Missed at This Year's NRF Show!

## The Sticky Issues of Retail Information Systems

By Eric Olafson, CEO - Tomax Corporation

*Retailers and technology vendors have lost sight of what's really important ... there are three fundamental truths that will guarantee project success.*

*To achieve on the retail continuum, retailers must find an end-to-end solution, specifically engineered for the retail industry.*

If you've been in the industry for a while, you've attended this show. For the retailer, some shows are successful – you have whittled down your list of prospective vendors to issue RFPs for this year's formidable IT project or you have learned something new about the latest and greatest bells and whistles in technology. Newer, faster, better – more options and more forms.

Even as a retail solutions provider, I leave the show a little bit bleary-eyed and with my ears ringing. All vendors claim that (1) they have an end-to-end comprehensive solution; or (2) they're at the head of the class in their niche. It's wearisome. If this is irrefutable – then why do so many retailers abandon IT projects in totality and ditch vendors?

The Big Show has been around for 97 years. Each year, the booths get more complex and flashier – just like the solutions that are being peddled. It's morphed into the proverbial game of White Elephant: you pray that the item in the beautiful package with the big gold bow is actually something that will be useful.

In the glitz and iPod giveaways, both retailers and technology vendors have lost sight of what's really important. That is, the canons of retail technology – the persisting issues that academics have been writing about for years. We affectionately call these canons “the three immutable truths”.

### *Truth #1: Retailers Must Achieve on the Retail Continuum*

First, some background. A plausible fabrication often told is that “retail is easy”. In reality: bad retail is easy, good retail is hard! To survive in today's competitive landscape, retailers must achieve on both strategy and execution. More specifically, a successful business owner will excel at marketing and merchandising through store operations and workforce management. Each of these activities is inter-related, so faltering in one area will inevitably cause disastrous effects across the business. Correlating intricate sets of activities across time and departments is impossible without a single version of the truth, that is, a single instance of data to be leveraged across the enterprise.

Unfortunately, retailers' choices are limited when selecting provider to support them in this objective – not many software vendors support the true retail continuum. With few exceptions, retailers are forced to choose between homogenized software suites, engineered to fit like hand-me-downs across industries, like banking, healthcare, etc., or mix-and-match point solutions that invariably lead to data, integration and complexity issues.

Achieving on the retail continuum essentially requires a solution formulated specifically for the retail industry. In addition, the solution must be crafted as a set of integrated, modular applications that can serve as or add to existing plumbing and infrastructure solutions that steers clear of any white space or overlaps of functionality that generally occurs with point solutions to avoid a cumbersome and costly implementation process.

### *Truth #2: Retailers Must Overcome Silos and Connect the Dots*

Software companies generally don't grasp this concept. We have observed solutions evolve into over-thought, over-engineered, yet under-adapted applications in response to retail requirements. In short, these parasitic solutions are not based on the essential understanding of “the job that needs to get done”. It's a waste of space that closely mirrors the MS Word and Excel phenomena – for example, most uses for these applications include word processing and data entry with simple calculations – even some developers will state that Excel is the “most complex, useless feature-rich” application on the market today.

*Overcoming silos and optimizing business process requires leveraging timely, relevant and actionable data and ensuring realtime communications and performance tracking.*

*Driving better economic outcomes with retail solutions requires an understanding of critical business requirements and priorities.*

Grasping the concept is taking a step back and assessing the true nature of the universal and persisting issues of retail. The first issue pertains to information. In 1967, Russell L. Ackoff wrote "Management Misinformation Systems", asserting that managers succumb to information overload due to lack of relevant information. Relevant information loses its relevancy when it fails to be timely. Moreover, information cannot be deemed valuable unless it is actionable – that is, can a manager use this information to avert a less-than-desired outcome? So the persisting need with regarding to business data required for better operations falls in the category of timely, relevant and actionable data. Think about the systems you might have encountered at the show or in your experience as a retailer.

The second universal and persisting issue falls in the area of facilitating communication, collaboration and cooperation across the business. Business silos are pervasive and are reinforced by departmental lines and technological applications (i.e., consider price management vs. loss prevention applications). The image of herding cats comes to mind – and in this world, aligning strategy with execution, achieving on the continuum is unattainable.

Simple tools, quick to benefit and quick to implement, are currently available to transcend silos and provide timely, relevant and actionable data across the business. These tools, in the realm of workflow-enabled portals and dashboards and business process management applications for retail, like activity management, can overwhelmingly improve business outcomes by connecting people and processes, often across disparate systems.

Employees have access to realtime communications and realtime performance tracking, supporting all these activities that are involved in retail continuum - effectively connecting the dots.

#### *Truth #3: Retailers Must Avoid IT Projects that Fail to Connect with the Business*

IT projects are not fun. And viewing a project as an "IT project" entails a lack of leveraging this largely expensive undertaking – which limits your project ROI. In the days of high accountability and lessening CIO job security, it benefits you (and your business) to consider projects and solution providers that embody the notion of "connecting with the business". In the end, these projects are all about economic outcomes.

Again, the idea of business improvement versus business transformation is a pervasive issue in the academic world. Are you merely engaging in something that will automate a routine? Or are you seeking something that really moves the needle?

Moving the needle, driving better economic outcomes with retail solutions requires an understanding of critical business requirements and priorities. IT architecture must be considered. Data and applications must be centralized to ensure retail-in-realttime, a single version of the truth to push coordinated, cohesive activities across the business. Moreover, the centralized architecture allows for the adoption of strategic demand-side applications from planning, in-season management and workforce optimization to truly drive business benefit – all at a fraction of the time and cost associated with traditional "IT" solutions.

#### *Warning: Don't Be Fooled By Cheap (Or Expensive) Imitations*

It is the White Elephant – you don't know what you are going to get until you open it. Only hop into bed with a solution provider after you check their credentials. Assess whether this is an IT-focused company or a retail-focused company. Use the customer list as a reference point. Consider the origin of the solution code. Is this a cobbled-together solution that is going to fall apart during implementation or an organic solution that will remain sturdy and provide for both easier implementation and integration? Find the solution provider that embodies the three immutable truths – this will ensure your project success.



224 South 200 West  
Salt Lake City, UT 84101  
801.990.0909  
801.924.3400 fax  
info@tomax.com  
www.tomax.com