

Five Steps to Drive Agile Retail Management.

A joint perspective from Quorso and the Alvarez & Marsal Consumer and Retail Group.

Co-authored
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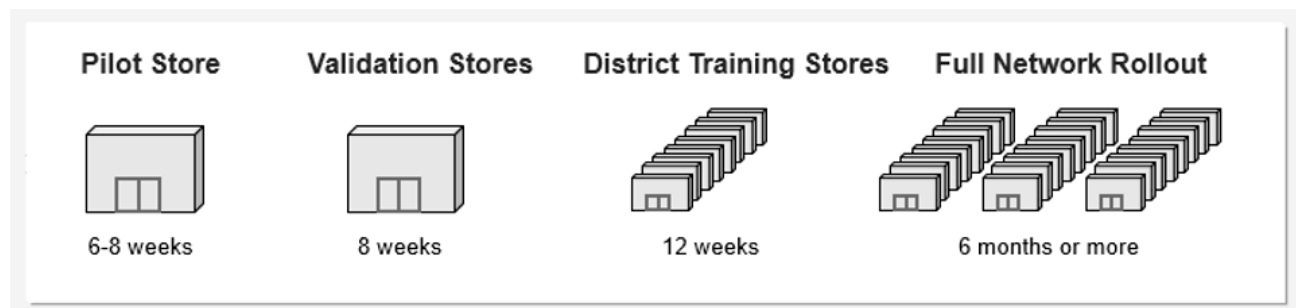
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“We have seen two years’ worth of digital transformation in two months.”

– Satya Nadella, CEO Microsoft, April 2020

The pandemic has forced the retail industry to fundamentally rethink the full end-to-end operating model. Having a digital-first mindset is no longer a choice, but rather a strategic imperative. Speed and agility have become the new norm. The pace of change has accelerated at an unprecedented rate – a slow, 3- to 5-year strategic planning cycle is an outdated concept. Retail must get a lot quicker at driving change and making decisions in order to adapt to shifting customer and market demands.

Traditional retail change programs have been methodical and drawn-out, with months-long iterative cycles of design, pilot, validate, rollout, and measure:



While the approach proved effective at rolling out change across large, distributed networks, it was at its core slow, inflexible, and ultimately risk-averse. The traditional approach was anchored around avoiding mistakes rather than driving truly transformational change.

In today's rapidly evolving market ecosystem, retailers simply **can't wait that long.**

- Customers' needs are constantly shifting, with a 45% year-on-year growth in eCommerce (NRF 2020).
- Competitors are innovating fast, with industry giant Walmart launching Walmart+ and Amazon further pushing in fashion with Vogue x Amazon Fashion collaboration.
- Retailers are in difficult financial positions, with some of the iconic brands in the industry filing for Chapter 11 including Neiman Marcus, J Crew, and Brooks Brothers, among a host of others.

Select retailers have embraced the need for rapid change and diligent performance management. According to Sam's Club Chief Product Officer, Eddie Garcia, Sam's rolled out curbside shopping to all 599 clubs in seven weeks. The effort included a cross-functional set of elements and was supported by aggressive performance management including customer metrics (NPS). A rollout of this scope and pace would likely have been considered impossible ahead of the pandemic.

“All of this disruption actually gave us an opportunity to accelerate our strategy. The pandemic gave us momentum.”

– Kath McLay, President & CEO Sam's Club, October 2020

As much as retailers have pushed amazing things through this pandemic, such methods of implementation are unsustainable with employees run down and exhausted from them. Yet at the same time, many know the need to be this agile in retail is here to stay and retailers simply must adapt to remain competitive.

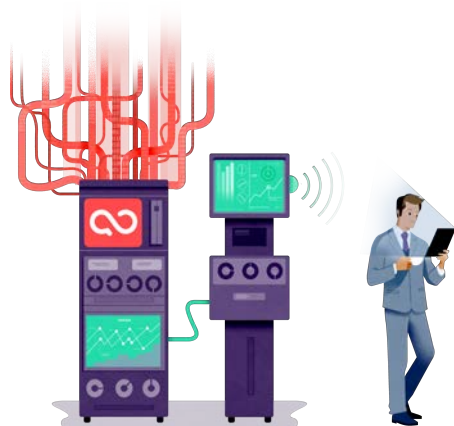
In order to do so without going beyond what is humanly possible they will need to embrace new ways of working and new technologies.

As retail shifts to a more agile management model, there are **5 critical elements** they need to incorporate.

1. Remove Friction in Information and Data Access.

You can't act when you don't have the information to act on. We've been into organizations that can take up to a month to add a new KPI into their reporting deck or are in the 5th year of an EPOS consolidation exercise that keeps on overrunning.

Right now, speed of decision making is essential and that means frictionlessly having access to the right information. You can guarantee if you are not doing this your competitors are; the ability to capture market share in a time of volatility is too big a prize to spurn by not moving quickly.



2. Simplify and Focus.

Over the last two decades, terabytes of data have become available to retailers. This information has been collected, wrapped up into reports and sent out en masse to everyone to interpret. "Data is King" was the mantra we lived by, but data is useless unless acted upon. When individuals drown in seas of reports, they focus on none of them and end up simply managing by gut.

Quorso's research shows this. When we assessed the performance of Managers within their own sphere of control, most delivered improvement at a rate no better than chance.

When we deploy Quorso to summarize management information into just 3 daily actions for each store to take, that are most likely to improve sales, reduce costs and improve KPIs, (and effectively told them to ignore all other reports), they improved those focus areas by an average of 16% without impacting non-focus areas. These prioritized, daily actions are known as 'Quorso Missions' and they are how Quorso makes management agile, simple and human.

3. Act in Short Cycles (Agile Sprints).

How long do you need to focus on a 'Quorso Mission', not just to improve it but also to retain that improvement? Months? Years? How about weeks?

Quorso's data shows when you give teams focused granular tasks (e.g. how best to drive a specific KPI) they reach peak improvement after 3-4 weeks and retain 86% of the run-rate improvement for the next 6 months.

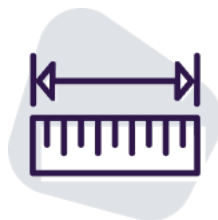
This aligns with what software companies have seen around 'agile sprints' – the core operating practice of breaking up work efforts – that has accelerated these businesses from obscurity to the titans they are today.



4. Track, Measure, Follow Up.

Empiricism is fundamental to learning, but here's the reality of most reports: they are just passive numbers. They show outcomes like sales, profit, and growth, but they don't show how actions are linked to those outcomes. This requires granularly matching outcomes to the actions you are taking, e.g. if you move inventory from the back of the store to the front what impact did that have on sales, or if your associates start greeting people every day, what impact does that have on conversion?

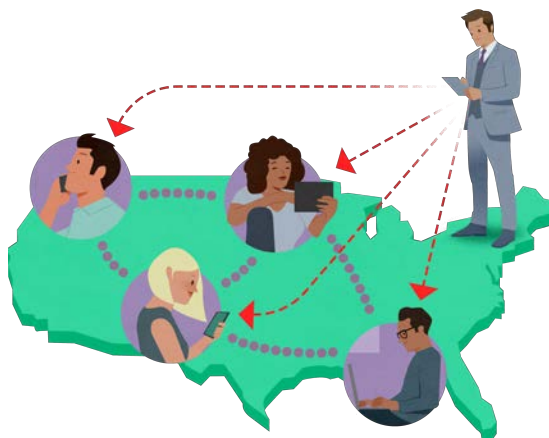
By granularly matching 'Quorso Missions' to performance impact, you can start running A/B tests, experimenting your way to success like marketers do on campaigns.



5. Streamline Communication.

By most accounts, communication has been difficult during this pandemic. Although many have now moved beyond e-mail as the primary internal form of communication to e.g. Microsoft Teams or Slack, questions still remain around the most appropriate cadence and content of communication.

Managers and Associates want to receive clear, relevant direction from leadership, and also to frequently share information with peers who are solving the same new problems they are seeing.



The relevancy balance is critical; one store may be struggling with conversion and another with labor scheduling. The art and science will be over time showing each of these stores only what is relevant to them and not the noise of excessive data or comms.

Moving away from a slower model may seem daunting, but the retailers adopting an agile approach feel empowered and see dramatic results fast.

By accelerating the pace of change and moving to a test and learn model, where temporary failure is viewed as a necessary component of progress, retailers can much more effectively drive innovation and improve performance at scale. The impact of this rapid innovation will fundamentally reshape the retail landscape during the pandemic and beyond.

**Ready to implement and embrace
Agile Retail Management
in your retail business?**

Get in touch today:

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Are you ready for the **new frontier** in store management?

Tired of wasting hours **lost in complex reports?**
Struggling to see who and **what drives improvement?**
Keen to engage and **grow every manager?**



Quorso simplifies your data into **3 top priority daily actions** (we call them 'Missions') for every store, guaranteed to engage teams, increase Sales and drive KPIs. Then helps your teams **launch** their Missions, **measures** the impact and **scales** the ones that work.

Through a user experience everyone is wild about, retail Executives steer their businesses, knowing which actions are driving improvement. Area Managers coach and motivate every team member. And Store Managers only focus on what matters.

Find out more at www.quorso.com

Agile. Simple. Human. |  Quorso