

Allocating in Style

Across More Than 450 Stores, Ackermans Meets Consumers' Fashion Needs
Via JDA Solutions



Despite having a range of attractive, stylish merchandise on hand, South African retailer Ackermans realized several years ago that accurately allocating merchandise across its more than 450 stores had become quite challenging.

"Our employees were being asked to literally type in what the merchandise allocation needed to be," said Renée Jain, IT systems manager for Ackermans. "The system would give them the full list of stores. It would tell them that this new stock has arrived. Then they had to work it out for themselves. There was no automation; there was no consumer variable to tell them how to allocate the new stock. It was very hit-or-miss, depending on how a particular planner viewed his or her environment."

As a result of this labor-intensive process, Ackermans was missing sales opportunities at the individual store level. "Stock ended up in a particular store that was wrong for that location," said Jain. "Other stores did not receive stock at all because they were down on the last page of the allocation list, and by then the planner had run out of steam. We knew we had to improve our efficiency and productivity so that allocation was based on meeting actual shopper needs."

At the time, Ackermans was already successfully leveraging JDA Enterprise Planning to manage its strategic, merchandising and location plans. JDA Enterprise Planning allows companies to easily optimize all of the strategic, merchandise, assortment, operational and resource planning activities across the supply and demand chain.

"We are a planning-focused environment," noted Jain. "We've got this really great expertise in using JDA Enterprise Planning, but we were using a little in-house application for allocation that was not delivering the same level of results. We'd come up with a fantastic plan, but our execution was lacking. We hadn't built a process that carried the plan all the way to execution, and allocation is a critical part of that."

Improving Efficiency and Productivity

To overcome this business challenge, Ackermans turned to JDA Software. "The focus of the entire JDA Allocation implementation was adding that 'consumer need' variable," said Jain. "Because we were centered on understanding that consumer need, it focused the implementation process and made it very easy. Our planners were so excited about getting this new variable that was going to be driving the allocation calculation for them. The implementation was done in about three months. It was really, really quick."

Today, Ackermans has realized enormous efficiency and productivity gains by using JDA Allocation. "Previously, it was taking around 20 minutes to do an allocation per item," said Jain. "Our planner found out from the distribution center by phone or by email that new stock had arrived. Then they had to pull all of the relevant information into our homegrown application, which was not very user friendly. The allocation process itself was very manual and not supported by the system behind it. The overhead associated with this process was enormous."

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*– Renée Jain,
IT Systems Manager,
Ackermans*



Ackermans at a Glance

Founded in 1916, Ackermans has grown to become one of South Africa's leading retailers, offering stylish and affordable apparel, footwear, home goods and accessories to consumers of all ages. In addition to its Ackermans-branded flagship stores, the retailer operates young urban stores under the Jay Jays name, footwear outlets under the Shoe City banner and surf shops under the Hang Ten brand.

Objective

Automate the merchandise planning process all the way to allocating the right level of stock in each store.

Solutions

- JDA® Allocation
- JDA® Enterprise Planning

Services

- JDA Education Services
- JDA Implementation Services
- JDA Performance Engineering
- JDA Support Services

Alliance Partner

- UCS Solutions Pty Ltd.

Real Results

- Better positioned to take advantage of new market opportunities
- Increased planning productivity, resulting in improved store-level assortments
- Reduced overall business processes from two days to one hour
- Substantially decreased planning costs



“Now, from the minute the stock arrives in the distribution center, there’s about an hour’s turnaround,” said Jain. “The data sits inside JDA Allocation, and it comes up in each planner’s work list automatically. That list contains only what that specific person needs to plan. Instead of seeing a lot of information they have to wade through, the process is tailored to that particular person,” said Jain.

“JDA Allocation brings up all of the store groups we’ve already built in the assortment planning process. It brings up what we would like to have put into stores via assortment planning. It also builds the ‘consumer need’ variable. Next it does the allocation. All our planners need to do is validate the allocation and push it out the door. Our planners know that JDA Allocation is going to work the way it needs to work, so they just have a quick look and release it. That process, which used to take 20 minutes, now takes two to five minutes,” said Jain.

“From there, the allocation flows within minutes back into our distribution center systems, which previously would take a day,” added Jain. “The entire business process has gone from two days to about an hour now.”

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– Renée Jain

Ackermans has used its efficiency improvements not to cut staff, but to increase the scope of its merchandise allocation and enhance assortments. “Our planners are now able to plan about twice as many items as before because it’s so much easier for them. Because they now have more time on their hands, we can broaden the assortment in our stores,” said Jain.

Meeting Local Shopper Needs

Not only has Ackermans increased the productivity and scope of its allocation process, but today the retailer has increased confidence that the right products are being sent to the right stores. By targeting local consumer demand, then matching specific products to that demand, Ackermans is fulfilling the promise of its tagline, “Just What You Need.”

“Now our stores are actually selling what our customers want. We’ve also got the right levels of stock in each store,” said Jain. “Our consumer-need variable tells us how much stock should go into that store based on a number of different parameters. If you go into our stores now, you’re likely to find the item you’re looking for. You’re likely to find that item in many colors because we’re now able to do that kind of sophisticated allocation.”

According to Jain, JDA Allocation has created an entirely new mindset around merchandise planning at Ackermans, which is expected to be a significant growth engine for the 95-year-old retailer. “For the first time in Ackermans history, JDA Allocation has given us the ability and opportunity to arrange a different set of items in our stores because we can plan and allocate stock better,” said Jain. “Before, we were simply saying, ‘Here comes a season. Let’s try and repeat what we did last year because it’s so labor-intensive.’ Now we go through a more fashion-oriented process. We stand back and assess opportunities.”

"As an example, Ackermans has always been well-known for its baby and toddler clothing. We've suddenly realized, 'We've got the mom shopping with us, but we never offer her anything to buy.' We're now doing a big ladies wear project, because we have the ability to allocate the stock easily into the stores. JDA Allocation has given our planners the ability to think bigger than what they did last year. I think if we look back on this whole process, back two or three years, the catalyst for change has been the entire planning process coming to fruition in an execution product like JDA Allocation," said Jain.



Fashioning Future Opportunities

"Today, we're loving JDA," said Jain. "With us now moving to best-of-breed JDA solutions and looking at new solutions that suit a particular strategic need, our business units are starting to think about how to operate better. With a JDA solution, they actually have the opportunity to rethink their business processes, look at best practices and bring in efficiencies and ways of thinking that were not there before."

"Our business users are coming to the IT team and saying, 'Won't you tell us more about this JDA solution? Let's have a look at this business process and see if we can't replace what we have today.' That's really exciting for someone in IT, because it means I get to contribute to changing the face of how our users do business. When you're standing and looking out into the future, it's such an exciting place to be." ■