



A.M.P.A.

Association For Merchandise Planning and Allocation

RS97 – Chicago May 20, 1997

The latest AMPA meeting was held on Tuesday, May 20, 1997 at Retail Systems 97 in Chicago. The following 21 people were present:

- Terry Donofrio, President, RS&S
- Bill Luckert, OVP Merchandise Planning, Service Merchandise
- Gene Eckles, Director Merchandise Control/Analysis/Reporting, Walt Disney Attractions
- John O'Leary, Senior Consultant, RS&S
- Chuck Hill, Senior Consultant, RS&S
- Gary Weiner, Director of Allocation, Brooks Brothers
- Stephanie Grossman, Director of Planning, Brooks Brothers
- Mary Jane Nagel, SVP Merchandise Planning, Brooks Brothers
- Aaron Barnes, Business Systems Analyst, Penn-Daniels
- Steve Hendel, Director Special Projects Corp Systems, Office Depot
- Sally Struckell, VP Merchandise Planning, Heilig-Meyers Furniture
- David Dumont, Project Leader, Sears Canada, Inc.
- Dawn Clicquennoi, Director of Planning, Nike, Inc.
- Brian Hallagan, Director Planning & Distribution, Finish Line
- Tom Kara, Inventory Performance Manager, Ultra 3
- Melanie Heilbronn, Consultant, RS&S
- George Goldfarb, Sr. Director Planning & Allocation
- Ron Rouse, VP Merchandise Systems Planning, Williams-Sonoma
- Ed Hinshaw, Director Assortment Management, Sears Roebuck & Company
- Robin Isaacsohn, Director Planning & Allocation, Sweet Factory
- Mike Downing, Sr. Manager Internal Audit, The Limited, Inc.

The meeting structure was as follows:

- **Review of AMPA Progress to Date and Future Plans:**
Member List, Surveys, Past Meetings, Forums, idea Interchange etc.
- **Discussion of Future Meeting** (time, place, topic, speakers, etc.)

- **Technical Discussion:** Planning Process and Organization discussion led by Bill Luckert. This was a very active and worthwhile discussion. There was very effective group participation.

Progress and Future Plans

- Continue with the interchange of information and ideas through surveys. Keep surveys at one page each cycle so the effort is minimized.
- Have very targeted surveys (one main question) that are responded to quickly and results returned quickly. Results would be in format of a short report. An example would be the "roles and responsibility of a planner".
- Continue with the AMPA website as a communication vehicle for AMPA information. AMPA website can be reached at www.rs-s.com.
- Expand the retail-info.com merchandise planning technology forum by adding various topic areas (e.g. planning process, planning organization, planning system for discussion etc.)
- Continue to advise AMPA members when our on-line forum is being held. The regular and on-line Forum is accessed by: www.retail-info.com. Go to the Technology Forum section. On-line Forums are indicated.
- Consider the idea of a AMPA Course for Basic Merchandise Planning. We could combine basic concepts with the responsibilities of a planner as a start. We had discussion about having continuing education credits and/or establishing a certification for a planner. It was agreed to investigate this concept further.
- Follow-up with the initial survey for those members who have not responded. Indicate that we need responses before we send out the 2nd survey.
- Summarize all discussion topics into one list for future meetings.

Next Meeting Date and Meeting Format

The next A.M.P.A. meeting will be held in the afternoon on Monday January 19, 1998 during the annual NRF Convention. The major NRF hotels (New York Marriott, Sheraton Center & Towers, Hilton etc.) will be contacted to see if a room is available. We will also contact the NRF to see if they can provide a room for the A.M.P.A. meeting.

The meeting format will include a short presentation and discussion of key planning topics. We will send out a series of topics to all A.M.P.A. members and ask for volunteers to pick a topic and prepare a short presentation. Each speaker will then lead a follow-up discussion on the related topic.

After we receive responses concerning the topics and presentations we will setup speakers and prepare an agenda.

We have several people working on various tasks associated with AMPA and our meeting in November. Our future plans (some -- have been accomplished already) are summarized below:

This summary is divided into Business Meeting Notes and Technical Discussion Notes.

BUSINESS MEETING NOTES:

The meeting was opened by Terry Donofrio with a general review of what has taken place since the previous meeting. The following were discussed:

- Review of what has happened since last meeting
- Discussion on survey that was sent to all members
 - Asked all who have not returned first survey to do so
 - Discussed direction for future surveys - agreed that they will be focused and one page in length for quick turnaround. Will discuss a single topic, e.g. what abilities do planners need to have. Future surveys will have targeted questions
 - Asked if everyone was OK with filling out surveys (e.g. is it against company policy?). Consensus of those present was that they can respond to surveys.
- Passed around a sample of a "corporate" pamphlet listing A.M.P.A. members as well as industry participants.

- Discussed desire to continue planning surveys of members - 2nd - 3rd - 4th rounds, etc. Everyone felt it was a good idea.
- Listing of E-Mail addresses for communication and forums
 - tdonofrio@rs-s.com (also on CompuServe)
 - rbeischer@rs-s.com (also on CompuServe)
 - Retail Systems Alert home page, retailsystems.com: Has technology area with Forum location where merchandise planning is located. Currently listed for "Best Practices", but additional subjects can be added to this site.
 - **Live Forums - 2nd Monday each month (next session will be June 30th due to holiday and Retail Systems '97)**
 - RS&S Website: www.rs-s.com. 1st Menu selection is for A.M.P.A.

Discussion on what can be done to make A.M.P.A. better or more meaningful to retailers?

- Discussion on having "A.M.P.A. approved" education programs.
 - Potential for training member personnel, e.g. training for planners, or allocaters or distributors, developed for their specific needs and generic in nature to be beneficial to all companies. A "best practices" type of presentation with interchange and participation by attendees
 - Discussed possibility of having one of the A.M.P.A. members act as host for a training session.
- Regular meetings
 - Possible format: set up speakers addressing specific aspects of the planning process, then have a forum discussion on that topic following the speaker's presentation.
 - Asked participants to identify key topics (the list previously developed from the survey can be re-reviewed).
 - Discussion on how to get people to volunteer to do a presentation? Keep it simple and focused, use flip charts rather than PowerPoint presentations. It is understood that no one has extra time to develop "fancy" presentations.
 - **Have representatives from different groups participate in presentation to provide various viewpoints/needs (e.g. specialty, Department, Discount stores, etc.)**
- Building a "profile" or "model" for a planning system was discussed as a possible project for A.M.P.A.

- A letter will be sent out outlining how future meetings will be conducted.
- Need input from members to determine if they want to be on a "list" and if they want to "participate" in A.M.P.A
- Timing for meetings
 - Best timing appears to be at January NRF meeting and Retail Systems XX meeting in May/June each year.
 - Next meeting was scheduled for the Monday afternoon of January NRF. Site to be determined.
 - Because a room will have to be rented, it was estimated that there would be a fee of \$25.00 to \$50.00 for attending in order to pay for the meeting facilities. (At this time, there are no dues or fees charged for participating in A.M.P.A.)

DISCUSSION NOTES:

Meeting Topic - May 20th: Planning Organization Structure
 Facilitated by Bill Luckert - Service Merchandise Co.

I. Examples of Planning Structures:

- a. **Preliminary Structure**
- b. **Planning Reports to GMM**
- c. **Planning Reports to CFO**
- d. **Planning as Separate Entity - Reporting to President or CEO**
- e. **Other Separate Planning Structure**

II. Discussion

- Question is which approach would be best for a retailer? Could depend upon stage of implementation or development at a company. May evolve from an "entry" approach and then add people and build a more independent planning organization as the system and people become more sophisticated.
- A company might start out planning on a limited basis in order to launch the process:
 - Chain wide
 - Down to class level
 - 2 seasons
 - Dollars only
 - Planners on equal footing with DMM's act more as facilitators than planners.
 - Expand/develop planning organization as planning becomes more detailed

- Issues raised in discussions
 - Definitions of terms
 - e.g. Merchandise Hierarchy (definition of class, etc.)
 - Need standardization of terms
 - Inventory Control (no one controls inventory, may manage)
 - Buyers & Planners as equals
 - Difficult to bring planners in at the same level as buyers in a new company.
 - Discussion on where the planning organization reports and where it should report?
 - CEO
 - CFO
 - GMM
- Discussion on the Maturity of Planning Process/Planning Organization within a Company
 - Agreed that it requires a number of years to develop maturity
 - People issues
 - Process issues
 - Cultural change within the organization
 - Need "teamwork"
 - Perform tasks for a period of time and do it well
 - Planners & Organization need to develop:
 - Credibility
 - Respect
 - Differentiation
 - Professionalism
 - Process
 - Level of detail
 - Documentation
 - Career path clearly defined
 - Distinction is needed between organization, process and systems when defining maturity
- Discussion on the role of the Planner and Analyst
 - Planner
 - Can recognize and make interpretations and decisions regarding uptrends and downtrends in business.
 - "Devil's advocate"
 - Retail math
 - Systems literate
 - Works with history (interprets)

- Intuitive (gut feelings) Recognizes patterns in the data
 - Works with buyers
 - Strategic abilities (future projections)
 - Reactionary
 - Flexibility
 - Credibility in organization (previously was a buyer?)
 - Control orientation
 - Analytical abilities
 - Transition between seasons
 - Business sense
 - Decision maker
 - Communication skills
 - Interact with Marketing/understanding of marketing
- Analyst
 - Working with E-3 (or similar type products) requires detailed analytical skills
 - Crunching numbers as compared to looking at numbers and forecasting forward/interpreting numbers.
 - Analyst finds differences
- Factors in the Planning Process
 - Timing
 - Seasons
 - Months
 - Weekly
 - Resource Structure
 - Domestic
 - Import
 - Commitments vs. Direction
 - Capacity vs. style level planning
 - Warehouse capacity
 - New store openings
 - Store Groups
 - Comp format vs. new formats
 - New format
 - Mail order/Catalog
 - Internet
 - Level currently planned by A.M.P.A. participants at meeting
 - 100% planning in Dollars
 - 50% planning Units
 - Levels at which planned - needs depend upon the rate of growth of new stores - determines how important comp

store information vs. new or unique store planning becomes.

- Chain
- Average Store
- Unique store groups
- Can be very important if adding many stores
- Merchandise Planning Hierarchy
 - Classic Structure
 - Chain
 - GMM
 - Div
 - Dept
 - Class
 - Sub Class
 - Who does the plan? Buyers or planners?
 - Merchant top down dollar process for sales
 - At what point do you begin to develop assortment plans?
 - At what point do you develop unit plans?
 - What does Assortment Planning mean? (where does it begin?)
 - Attributes (class or category as opposed to SKU's ?)
 - Units
 - Price Point
 - Vendor
 - Colors
 - Styles
 - SKU's
 - Some consider assortment planning to be planning out each style.
 - Sequence
 - Merchandise plan first, then move into assortment planning
 - In season - how do you keep in sync between the merchandise plan and the assortment plan?



NOTE: These notes reflect the general nature of the discussions that took place during the meeting. Future meetings will focus on one or two key issues that have been identified by the group through surveys, and members will act as facilitators leading the attendees in the discussion.

A follow up letter will be sent out on the original survey to those who have not yet responded.

Additional information will be forthcoming on the next meeting.