



# Fundamentals of Retail E-learning Suite

## Background

Whether sales, marketing, consulting, development or implementation, the vendors whose people know their customer's industry achieve better results than those that don't. It can take years for new staff to absorb the required level of knowledge when learning on a project by project basis. Martec designed this program to help technology companies accelerate this process. Retail Fundamentals started life as an instructor-led program nearly 30 years ago and was first delivered as e-learning in 1999. Since then it has been polished and refined every year to become the most used retail industry training program in the world. Over 7,000 people have studied this program and used it to improve their sales, marketing or delivery performance.



Why do this as an e-learning class? For several reasons:

- An individual can be trained when they join the company rather than when there are enough new hires to support an instructor-led class.
- It's cost effective to train one person at a time.
- Account managers do not need to take time away from selling to study the program. They can work it around their customer commitments.
- There are companion classes to teach a comprehensive understanding of retailing and how to use that retail knowledge to practice solution selling more effectively. These collectively help account managers be more successful.
- There are no associated travel and lodging expenses.
- Account managers can re-visit the content to help them in specific situations as need arises.

## Target Audience

- Anyone who needs to understand the terminology, organization structures, responsibilities, financials, key performance indicators, key business processes, use of IT and key trends across retail to better sell to and support their retail customers.



## Objectives of the Suite

By the end of this program participants will be able:

- To explain the key retail trends and retail formats
- To describe the key processes in a retail business and how they fit together
- To describe a typical retail organization structure and the likely business pains for each executive
- To calculate and interpret all the main retail Key Performance Indicators
- To explain how retailers make their money and the main elements that are impacted in a return on investment calculation
- To explain the architecture of retail applications and use techniques such as quadrant analysis to identify opportunities in a retail business
- To explain the main business processes in each main area of the business, namely buying and merchandising, store operations, supply chain management, e-commerce, marketing, finance and human resources.

## Course Overview

The Fundamentals of Retail Suite is a self-paced set of 10 web-based training programs. All a student needs to run the program is access to a PC and a web browser. The suite is hosted on the Retail Development Academy's Learning Management System and offered at a one-time fee of \$405 (£324 and €373) per student. Upon payment, an account number and password are issued, which is valid for 1 year. The program takes about 10 to 12 hours to study depending on the student and their diligence. Individual study sessions are recommended to last no longer than 30 minutes. Within the purchased period, students can re-visit the material as often as they wish. Each module can be purchased separately at a cost ranging from \$45 to \$68 per student (depending on module) for 1 year's access. Individual modules take about 1 hour each to study.

Companies may also purchase a corporate licence which provides unlimited access within the company's own organization. Prices are available on request.

## Program Contents

### 1. Retail Background and Trends

What is retailing?

Retail formats

- Department stores
- Mass merchants
- Large format specialty
- Small format specialty
- Food and drug
- Home shopping

Key retail trends

- Omni-channel retailing
- International expansion
- Customer engagement
- Customer Relationship Management
- Brands and private label
- Supply chain
- Summary

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### 2. Overview of Key Retail Processes

Overview of key retail processes

Merchandise and category management

- Planning flow
- Merchandise and category management differences
- Retail merchandising
- Category definition
- Category management

Buying

- Buying activities
- Open to Buy Management

Marketing

- Marketing activities
- Customer Relationship Management

Supply chain management

- What is supply chain management?
- The merchandise flow
- Vendor collaboration

Store operations activities

E-commerce activities

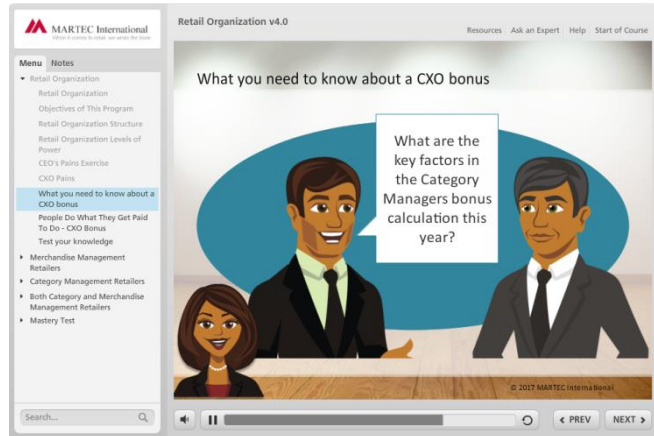
Summary

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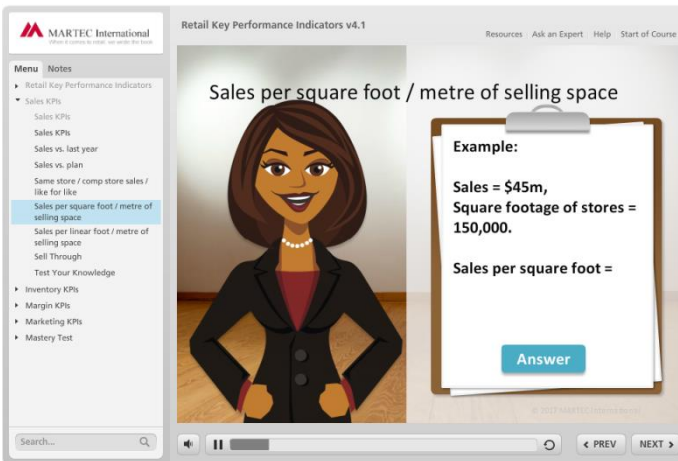
### 3. Retail Organization

- Retail organization structure
- CEO's pains
- CXO pains
- CXO bonuses
  - Merchandise management retailers
    - Buying and merchandising structure
  - Category management retailers
    - Category management structure
  - Both merchandise management and category management retailers
    - Store operations
    - Finance
    - Marketing
    - E-commerce
    - Warehouse and distribution
    - IT structure
    - Capex decision making structure
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### 4. Retail Key Performance Indicators

- Introduction to retail KPIs
- Sales KPIs
  - Sales vs last year
  - Sales vs plan
  - Comp store / same store sales / like for like
  - Sales per square foot / metre
  - Sales per linear foot / metre
  - Sell through
- Inventory KPIs
  - Inventory turn
  - Availability / in stock %
  - Fresh stock percent
  - Weeks of supply
  - Shrinkage
- Margin KPIs
  - Gross margin
  - Gross margin %
  - Markdowns
  - Markup
  - GMROI
- Marketing KPIs
  - Market share
  - Share of the purse / wallet
- KPIs for omni-channel retailing
  - Gross margin return on channel - GMROCH and net margin return on channel - NMROCH
  - Gross margin return on customer segment - GMROC<sub>u</sub> and net margin return on customer segment - NMROC<sub>u</sub>
- Average US retail KPIs by retail segment
- Average European retail KPIs by retail segment
- Using KPIs for account planning
- KPI analysis of accounts
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## 5. Retail Financials

### Retail profit model

- Retail profit and loss account
- Average retail profit before tax
- Retail profit model
- Operating expenses

### Balance sheet

- Balance sheet essentials
- Current assets
- Fixed assets
- Liabilities
- Equity and retained profits
- Return on Net Assets
- Asset utilization

### Industry profitability drivers

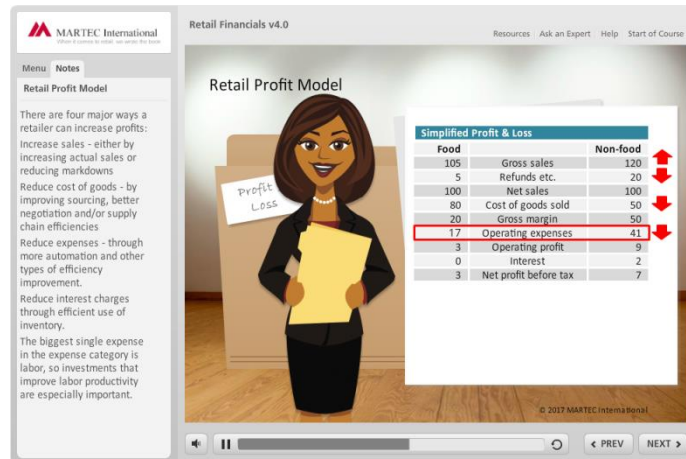
- Building retail sales and profitability
- Maximizing cash flow and profits
- Balancing gross margins, payment terms and inventory turns

### Retail and cost methods of accounting

- Definitions
- Advantages and disadvantages of the retail method
- Advantages and disadvantages of the cost method

### Summary

### Mastery test



## 6. Retail IT Architecture

### High level application architecture

- Headquarters
- Store systems
- Sales audit and polling
- CRM / marketing database
- Loss prevention
- Logistics
- Finance
- Human resources
- Store portal
- Product lifecycle management
- Call center
- Merchandise optimization
- Systems implications

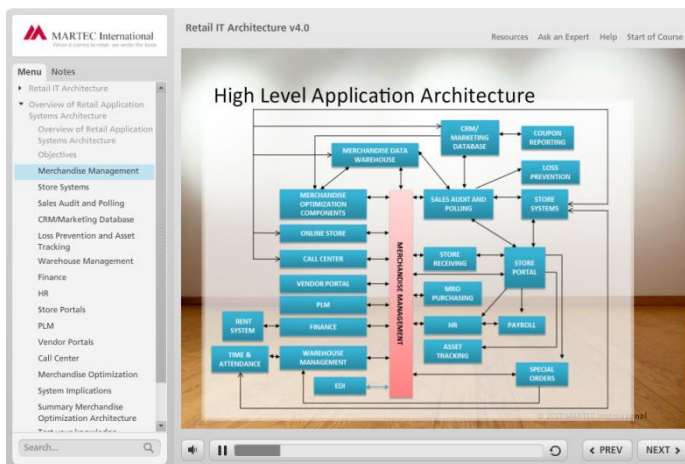
### Application quadrant analysis

- Strategic
- Key operational
- Potential ?
- Maintenance

### Application quadrant analysis

- Grocery
- Mixed goods
- Fashion / specialty
- Department stores

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## 7. Buying, Category and Merchandise Management

Merchandise and category management

- Merchandise and category management differences
- Retail merchandising
- Category definition
- Category management

Merchandise and category management

organization structures

- Merchandise management organization structure
- Category management organization structure
- Key Performance Indicators

Key buying, merchandise and category

management processes part 1

- Merchandise types
- Merchandise hierarchy
- Retail seasons
- Season timelines
- Planning flow
- Merchandise planning
- Assortment / range planning
- Private label
- Linear supply chain
- The wedge – store size vs assortment composition

Key buying, merchandise and category management processes part 2

- Merchandise arrangement
- Open to Buy
- How much stock is needed?
- Replenishment basic model
- Demand forecasting
- Forecasting methods
- Sales and stock management
- Omni-channel buying, merchandising and category management

Summary

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Month	Key Event
Prior June	Early springs concepts finalized
Prior July	Merchandise plan for Early Spring finalized
Prior August	Assortment plans completed and style outs held by Buying Directors / ZOPU SOP
Prior September	Orders placed for overseas production
Prior October	Orders placed for domestic production
Prior November	Early Spring arrives in central warehouse
January	Early Spring late receipts arrive in central warehouse
February	Early Spring initial allocations shipped to stores
March	Early Spring on sale. 100% of Early Spring estimate prior on hand and no actual sales experience
April	Early Spring replenishments shipped to stores if not previously 100% allocated
May	Early Spring moved to middle of store and marked down at least once
June	Early Spring moved to back of store and marked down further
July	Early Spring remnants moved to clearance rail. End of season review to determine lessons for next Early Spring season
October	Any remaining Early Spring given to charity

Note: Style outs in the UK are referred to as Range or Assortment Reviews in the rest of the world.

## 8. Introduction to Store Operations

Store operations division

Organization structure

KPIs used for store operations

Store operations strategy and tactics

Space management

Store administration and physical plant maintenance

Loss prevention

Store operations and human resources

Summary

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The main functions of the store ops department are to develop the store operations strategy and then to operate this strategy consistently in stores. This is the tactical day-to-day running of the store. No matter how good a retail strategy is, without good execution by the store operations team in each of the stores it will not be successful.

The key responsibilities of Store Operations teams in stores are:

- Selling and check out
- Site selection
- Customer service (this also includes service to customers who are

Without good execution of the retail strategy by the store operations team it will not be successful.

## 9. E-Commerce

What is omni-channel retailing

Omni-channel objectives

E-commerce trends and issues

E-commerce organization structure

Organizational issues

KPIs

E-commerce performance management

How e-commerce changes the role of the store

Inventory management online

Endless aisle - how feasible is it?

Using omni-channel insights

Omni-channel warehouse functions

Summary

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## 10. Retail Marketing

Marketing structure

Marketing KPIs

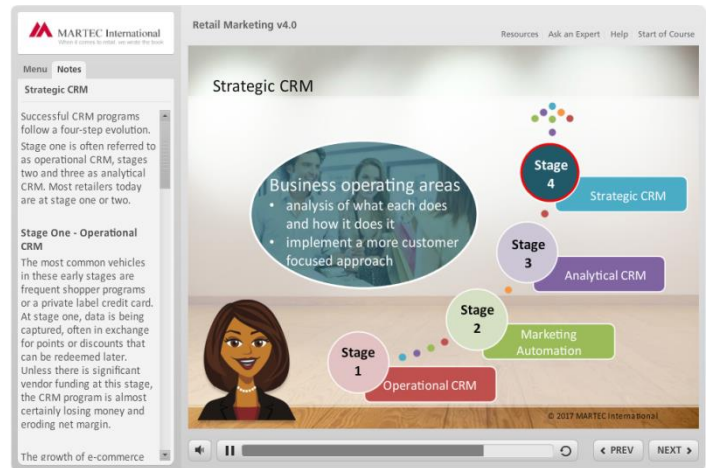
Marketing activities

Customer Relationship Management

- Loyalty vs retention
- Customers are not created equal
- Spending by decile
- Strategic CRM
- Segmentation by customer
- Customer analysis

Summary

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## Testing

At the end of each module there is a test of the participant's knowledge. Test scores are recorded in the Learning Management System and are available to management to review achievement. Certificates are awarded based on satisfactory pass marks.

## Job Aids

Various classes also have downloadable performance support job aids and checklists to assist students after the class.

## Martec International

Martec International is a leading consulting and training firm specializing in the retail industry. Its client base includes retailers from around the globe, technology suppliers to retail and manufacturers of consumer packaged goods and consumer durables. Martec's professional staff are all former retailers with at least 10 years retail experience and have held at least one management position in a significant retailer. Martec's training portfolio includes instructor-led classes, e-learning programs and blended learning solutions.

## More Information

For more information contact details are below or visit the web site at [www.retaildevelopmentacademy.com](http://www.retaildevelopmentacademy.com):

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