Measure Twice, Cut Once

Planning, attention to detail, and tested programs build excellence in retail operations
Traditional Japanese carpenters build to last—their wooden structures, constructed using traditional techniques, are among the oldest in existence. Japanese carpenters are renowned not only for the durability of their work, but also the beauty. Watching them work, though, can drive some people crazy. These master craftsmen can appear to be doing nothing: sharpening their tools, laying them out carefully and studying the wood, yes, but with no real production. Then, suddenly, they begin work and can complete a project with lightening speed and efficiency. Good planning, finely honed tools and careful measurement produce superior results with minimal waste.

These principles are precisely what A.T. Kearney’s AERO (Achieving Excellence in Retail Operations) research has revealed about excellence in retail. AERO examines what retailers are already doing well, and identifies considerable opportunities for sharpening their tools to achieve peak performance and lasting results. For example:

• Retailers that consistently pilot the majority of new store initiatives and then selectively roll out just one or two initiatives per quarter enjoy the highest compliance across their store networks
• Loyalty programs are common (63 percent of participants have them), but far fewer retailers analyze the data enough to understand true customer behavior
• A holistic approach to establishing in-stock goals can reduce out-of-stock rates by more than 25 percent
• A rigorous strategic planning process that involves management at the senior and middle levels can lead to higher margins
• When field leaders and regional managers spend the majority of their time in stores, it leads to better compliance with store initiatives and less employee turnover
• A strategic store planning process can reduce construction cost overruns by more than 25 percent and improve store development
• Geography does not play a role in store operations performance; there was no significant difference in store operations practices among retailers in the Americas, Europe or Asia

True retail success requires constantly analyzing the markets and asking the right questions: What do consumers want? What makes a differentiated shopping experience? Are we getting the most productivity from our store employees? How do we efficiently manage the stores? Are field teams leading effectively? How can we cut costs while improving customer appeal? And most importantly, how can we be better than the competition?

As the economy emerges from the downturn, retailers are looking for every opportunity to improve their positions. A.T. Kearney’s 2010 AERO study provides a blueprint for achieving an operational competitive advantage (see sidebar: About the Study).
Pointing the Way to Excellence
Retail is both art and science, but more retailers want to base their decisions and business processes on solid facts rather than feel-good ideas. AERO data demonstrates four key practices that point the way to operational excellence (see figure 1). Management must develop ways to drive store value through insights from customers, analysis of shopper behavior, and strategies that position the brand. Management must effectively direct stores’ business planning in areas such as real estate, financial planning and appropriate choice of markets.

About the Study
A.T. Kearney pioneered the Achieving Excellence in Retail Operations (AERO) study to provide insight into how retailers can improve their retail operations. The survey, available in 10 languages, has 100 questions and more than 400 elements that probe the strategies and methods of retailers in 30 countries. Participants in the 2009 study included 53 leading companies, including retailers in the apparel, electronics, grocery, hard goods, do-it-yourself, drug, health and beauty, and mass market and hypermarket sectors (see figure). While all company-specific data remains strictly confidential, the study provides valuable insights into achieving excellence in store operations.

Participants report that it takes approximately three to four hours to complete the online survey. All survey participants receive a customized benchmark report comparing their performance to leading competitors in the same sector, and a summary of the study’s overall findings.

Value of Participating in the AERO Study
While the results provide useful feedback for retailers about best practices to improve operations, the reflective process of participating in the study is also a valuable experience. Participants say filling out the survey helps identify metrics to consider in the future to manage the business and provide better, timelier feedback, while also highlighting what areas and processes do not receive sufficient attention. Those who completed the survey as part of a work group said that discussing and debating the questions helped them examine their planning and management processes with discipline and rigor.

For companies with more than one banner, AERO can serve as a valuable diagnostic and documentation tool for comparing methods and results, and enhancing best practices. Retailers can evaluate if more should be done to cross-pollinate top talent across banners. AERO points out where consistency might be most important—both in the way retailers allocate managers’ time between administrative duties and customer interaction, and in the way indirect costs are managed (particularly if economies can be achieved across all banners).

The study is ongoing, and there is still an opportunity to participate in further research. For more information about study participation, please contact Dean Hillier at dean.hillier@atkearney.com or Jim Brown at jim.brown@atkearney.com.
and formats. Once communications with customers are established, delivering core store value becomes paramount as retailers seek to provide the customer with the best possible experience through effective store operations, strong leadership and a well-managed supply chain.

Enhanced store value comes from high-quality facilities management, optimum construction practices, control of operating expenses, and ramped-up technology that better manages staffing via improved scheduling, hiring and performance evaluation.

Finally, we recommend the Learning Store Methodology of rolling out and evaluating changes, to allow testing and fine-tuning of creative improvements. Our findings reveal that piloting new initiatives before rollout increases the ability to make longer-term changes “stick” throughout the entire store network.

**Figure 1**
Framework for Achieving Excellence in Retail Operations (AERO)

1. **Driving Store Value**

AERO takes a close look at how retailers use customer and market insights to set directions across a store network. It delineates how retailers gather feedback from customers and then use it to develop channel and store planning strategies that improve customers’ shopping experience.

**Voice of the customer.** Direct customer feedback is valuable, but represents merely a fraction of the kind of information that can be assembled. There are many ways to listen to the voice of the customer—from primary and secondary research and transactional data to employee insights and vendor relationships. AERO focuses on two approaches to customer metrics: customer transactions and customer behavior.

The vast majority of AERO respondents believe that tracking transactional metrics is very important, with 93 percent saying their firms track the number of in-store transactions, 88 percent tracking the average size of in-store transactions and 86 percent tracking the number of store visits. These stats are relatively easy to capture from basic sales data.

However, customer behavior metrics, which help retailers understand not only what customers buy but also how they buy, are tracked less frequently (see figure 2 on page 4). Does the shopper spend a long time in the store, or is it a grab-and-go trip? Does the customer stop in frequently, or is the store an infrequent destination? Only 36 percent of retailers track the average time customers spend in the store, and 57 percent track the average time between repeat customer visits. Retailers that examine behavioral data have more information to build a deeper understanding of their customers.

Loyalty programs can solidify customer-behavior information and help retailers provide more differentiated experiences. Our survey reveals that 63 percent of retailers have loyalty programs, yet nearly 40 percent of those retailers review the
data only once a year or less, which means they risk falling behind on customer trends and preferences. They are not actively using data available to them to gain a better understanding of their customers or to develop more targeted customer strategies.

Today, our ability to access, collect and analyze data is unparalleled, but sometimes the data is overwhelming rather than helpful, or too general to answer specific questions.

Retailers that keep in mind their underlying business issues and select among multiple data sources can ensure that they are applying the most relevant data to the most appropriate situations. In other words, leading retailers will pick the cor-
rect sharp tools to make the most accurate cut. Figure 3 illustrates the key data sources that can be applied to each business issue.

AERO also finds that retail leaders use data analysis to match the product and presentation to the customer’s needs, improving vital areas such as product innovation (assortment and packaging), pricing, promotion strategies and offers, store layout, and shelf strategies.

Channel strategy. Channel strategy is vital, as it relates to brand positioning, the operating model, products and merchandising. Listening to the customer can help retailers select a cost-effective channel strategy; collecting and analyzing customer metrics will point out which channel strategies produce the best results. Our findings suggest that leading retailers define a strategic channel strategy based on channel mix and market reviews, with goals and targets established during the strategic planning process.

We find that satisfaction with channel mix varies across retail sectors. For example, in the electronics and mass and hypermarket sectors, fewer than one-third of executives say they are

CASE STUDY: Learning Stores Help Save $30 million

A specialty retailer was struggling in a market segment that was declining and under pressure from new retail channels. The retailer’s far-flung network includes more than 3,000 stores operating under three brands in urban and rural locations across North America. Management was skeptical that additional cost controls could be achieved, given the strenuous efforts already made.

The challenge was to achieve further efficiency and enable growth in stores that had recently undergone labor cutbacks. In addition, the small-box store format was often staffed with a single associate, leading management to believe that there was little more that could be done. To convince management and store associates, the suggested changes would have to be proven effective through in-store testing and hard data.

Approach
Initially, the A.T. Kearney team performed a rapid diagnostic of 10 to 12 stores to understand operations, labor and customer expectations better. The opportunities identified in the rapid diagnostic provided management with the confidence to advance the project to Learning Store trials. In this phase, we tested its operating model at 13 stores across the country, in five states from California to Florida. Each site selected was redesigned, tested, tuned and monitored over a two-month period, in partnership with store managers and associates. Cross-functional workshops further refined the initiatives and ensured unique operating conditions were considered.

Once results from the Learning Stores had been analyzed, the full network rollout was supported with detailed training sessions. All district and regional managers trained in a series of two-day sessions held for each region. Implementation success was monitored closely with rigorous reporting by each district manager, providing management with a clear indication of progress and any issues that required additional attention.

Results
In eight to nine months of development and testing, we identified $30 million in savings through labor and shrink reductions. Results exceeded expectations. Highlights included 16 percent labor savings through process efficiencies and improved scheduling, increased accountability, improved visual merchandising, store layout and promotions and happier customers reporting experiences that met or exceeded expectations. On top of that, employee morale improved. One store associate said, “You guys are actually caring about employees and are taking stress off of us,” while a store manager said, “It is just great to actually have what I call a ‘team’ that listens and takes my ideas into consideration.”

Even in a challenging business environment, the Learning Store methodology and listening at all levels of the retailer’s network produced dramatic savings.
satisfied with their company’s current channel mix. In apparel and grocery, well over half of retailers say they are satisfied with their current channel mix.

**Store business planning.** Reaching the right consumers with the right products is crucial, but so is the means of delivery—whether through retail stores, websites or call centers. All aspects of selecting, establishing and operating stores can contribute to future growth. AERO data indicates that retailing “leaders”—those with higher margins than peer groups—tend to have a more rigorous business planning process, with more stakeholders involved, than do the “followers.” In addition, the leaders bring middle managers and executives into the strategic planning process, conduct the process at regularly scheduled intervals, and describe the strategic planning process as rigorous and formal.

### 2. Delivering Core Store Value

If listening to the voice of the customer helps retailers deliver desirable products in the right way at the right price, then focusing on delivering core store value is the essence of retail operations. AERO asks retailers to identify opportunities to reduce operating costs, improve the customer experience and grow revenues.

**Supply chain interfaces.** Stores today need to excel at managing inventory, correctly predicting their inventory needs, controlling shrinkage, and managing stock so that it is shelf-ready and can be displayed quickly and effectively. The survey examines whether retailers were receiving, storing, merchandising and replenishing inventory most effectively. Five key factors emerge as critical when setting in-stock goals (see figure 4):

- Product gross margin
- Sales velocity
- Sales variability
- Product cost
- Product value to key customers

AERO finds that retailers that consider all five factors can lower out-of-stock percentage by 27 percent. Shrink control is vital in minimizing out-of-stock rates. Shrink, especially due to theft, becomes more significant during challenging economic times. The majority of retailers (71 percent of leaders and 53 percent of followers) believe that managing shrink will command far greater attention in the next three years.

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**Figure 4**

Five factors to reduce out-of-stock percentages

<table>
<thead>
<tr>
<th><strong>Product gross margin</strong></th>
<th><strong>Sales velocity</strong></th>
<th><strong>Sales variability</strong></th>
<th><strong>Product cost</strong></th>
<th><strong>Importance of product to key customers</strong></th>
</tr>
</thead>
</table>

Note: Leaders consider all five factors for in-stock goals

*Source: A.T. Kearney, Achieving Excellence in Retail Operations Study, 2010*
Store operations. Just as critical as inventory optimization is the management of in-store processes and personnel. Retailers must have effective staffing, strong performance management, and good communications among employees and customers.

AERO asks retailers to consider not only how much staff is necessary but also whether different levels of staffing, with the right associates, might provide a better customer experience. Also considered is the correctness and timeliness of operational tasks.

The study finds that fewer than half of participating retailers have systems in place to record and track the performance of store metrics such as planogram compliance, customer wait times and scan speed. Nor do the majority of retailers have the mechanisms to report these metrics up to division or corporate leadership, or to provide tactical guidelines to stores to improve the processes.

The study finds that one way to improve employee satisfaction and reduce turnover is simply to communicate more and create a better, less stressful work environment. Retailers that communicate with store employees more than once per month about store objectives, goals and store performance, and those that recognize high-performing employees, have employee turnover rates of 10 percent or lower than their peers (see sidebar: Learning Stores Help Save $30 Million).

Store leadership. Most retailers know that store managers who establish clearly defined roles and responsibilities for their store teams and invest in building employees’ competencies can significantly improve operations and profits. But effective leadership stretches beyond the four walls of the store. The AERO study finds that the presence of regional managers on site can have an impact on a store’s stability and responsiveness. For example, when regional managers spend more than 75 percent of their time in stores, employee turnover falls by approximately 10 percent, and stores are 18 percent more likely to conform to initiatives.

Retail is a people business, not only because customers are crucial, but also because people who work in retail also need positive contact for job satisfaction and to feel part of something larger than their immediate job. Of course, administrative tasks are necessary, but regional managers’ time should be planned to maximize hands-on interactions. Regional managers who get to know and make connections with store employees can increase the overall performance of their stores.

3. Enhancing Store Value
Anyone who has ever remodeled a home knows that more often than not it will cost a lot more time and money than expected. It’s no different for most retailers. Seventy-six percent of the retailers surveyed have had at least one cost overrun in the past three years, in at least one of the following areas: interior décor, fixtures, construction labor and exterior construction. Interior décor had the highest incidence of cost overruns, with 48 percent of retailers reporting problems in this area.

Retailers report a variety of techniques to improve planning and control overruns:
• 75 percent review actual versus forecasted costs
• 63 percent consider historical construction data
• 56 percent employ a high-level, top-down approach to construction planning

Our findings and experience suggest that construction is an area where retailers can reduce costs and minimize headaches. For example, only 48 percent of retailers in our survey use a rigorous bottom-up approach to setting costs and planning projects, while only 42 percent say they tie results to team performance metrics.

Besides construction management, retailers can streamline operating management procedures and costs with less common tactics. For
example, improved cleaning and maintenance can contribute to enhancing store value by setting up store cleaning schedules based on days of the week (only 45 percent of retailers use this technique). For store supplies, attention to ordering policies and establishing rules, coupled with policies to optimize cleaning schedules and procedures can reduce expenses (see sidebar: Improved Backroom Increases Profitability). Fewer than 40 percent of retailers employ two or more of these techniques to control expenses (see figure 5).

Store life-cycle management. A well-tested and recognized design smooths the customer experience and reduces both construction and maintenance costs. AERO finds that it is valuable to evaluate how construction build-out costs,

CASE STUDY: Improved Backroom Increases Profitability

Independence and creativity can produce a dynamic corporate culture, but when operational standards become chaotic, some order can improve performance. A.T. Kearney partnered with a big-box retailer to elevate the performance of store operations over its entire network. This retailer had more than 125 stores across three national regions (East, Central and West), but had few uniform operational standards. Each store operated somewhat independently, with no clear path to unite operations. Nevertheless, the retailer wanted to identify productivity opportunities, find tools to implement changes consistent with company culture, and reduce labor costs.

Approach

We collected baseline data from seven stores during the diagnostic phase, then examined current operating performance to identify productivity opportunities. Our approach is to listen carefully to the client before making any recommendations. As such, we conducted corporate interviews and regional workshops to understand what was important to the stores and to get organizational buy-in.

We then developed a diagnostic business case to quantify the benefits of improving store productivity. Three Learning Stores were established to test possible productivity initiatives and trial data verified the diagnostic business case. Again, the Learning Store method allowed us to assemble an implementation toolkit and plan for system-wide rollout. The trial at the seven stores pointed to key project success requirements that could be incorporated into changes for the entire system of store operations.

Results

A store associate said it best: “Every day was a struggle [before the warehouse changes], now it’s a very big improvement.” Redesigning the store warehouse made a significant difference in productivity and inventory management. The aim of the redesign was to smooth traffic flow, place products closest to the entrance where they would be needed, make all products easy to access, and emphasize safety. Rather than cluttered and random, warehouse layout was organized to be open and well-aligned with needs.

After analyzing traffic flow, it was clear that open space was needed to stage, sort and receive shipments. Incorporating this into the design reduced employee stress and improved speedy handling of deliveries and shipments. This revamped layout and usage patterns improved receiving productivity by 40 percent, resulting in savings of more than 110,000 person-hours per year.

Managing inventory by establishing a regular review process allowed issues to be addressed when needed, not after they have become monumental. In addition, issues were predictable, and standard procedures were developed to fix inventory problems. Improvements in store inventory strategy resulted in better shrink management, a lower amount of clearance and distressed inventory, and enhanced sales processes.

Overall, improvements identified in the diagnostic process and tested at the Learning Stores resulted in a 22 percent reduction in operational labor costs and saved 15 percent in customer service labor costs. Mission accomplished? Yes, according to a store associate. “With this process, everyone knows what to do, and there is no confusion.”
including refurbishments and expansion costs, trend over a five-year time period, and whether or not standardization has had an effect on those costs. Also, AERO examines the value of forming partnerships with construction materials and service vendors. If prototypes are used effectively, retailers can achieve significant economies of scale for both construction materials and service costs.

The survey asks retailers to ponder future growth by considering how new markets are identified, how sites are selected, what the right formats are, penetration and saturation, and the best locations to serve customers while maximizing profits.

One area that causes issues for most study participants is store building, as more than three-quarters blame construction overruns for hampering store development. Improved planning and increased accountability usually result in significant cost savings and increase the ability to meet deadlines.

Leading retailers do two things in particular: They deploy a rigorous bottom-up approach to store planning, and they tie store planning metrics to the team’s performance evaluations. Here, too, thorough knowledge of the customer incorporated into the planning process can improve performance.

Operating expense control. The skill of the craftsman comes in selecting exactly the right tool, and using it with just enough force to accomplish the task. The same is true in retail management: Controlling indirect expenses (that is, goods not for resale) provides another, often overlooked, opportunity to improve. Using evaluation techniques and appropriate software can improve procurement decisions in every area, from appropriate software and technology selection to shopping bag purchases. Leading retailers consider frequencies, trends and any inconsistencies in the management of these decisions. They achieve significant cost savings by planning information technology purchases, scrutinizing corporate services such as insurance and office supplies, evaluating marketing expenditures, and streamlining store supplies.

For example, leading retailers in all sectors take full advantage of demand management techniques to control store expenses, such as supplies and cleaning and maintenance. Yet there is still

Figure 5
Retailers can reduce store operating expenses by optimizing supplies and cleaning and maintenance

<table>
<thead>
<tr>
<th>Technique used by company (%) of respondents</th>
<th>Store supplies</th>
<th>Cleaning and maintenance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Define ordering policies and restrictions</td>
<td>57%</td>
<td>57%</td>
</tr>
<tr>
<td>Share cleaning jobs with store staff</td>
<td>52%</td>
<td>52%</td>
</tr>
<tr>
<td>Clarify usage policies</td>
<td>45%</td>
<td>40%</td>
</tr>
<tr>
<td>Differentiate daily cleaning across stores</td>
<td>45%</td>
<td>40%</td>
</tr>
<tr>
<td>Differentiate levels of wet-work cleaning across stores</td>
<td>38%</td>
<td>38%</td>
</tr>
<tr>
<td>Modify cleaning frequencies by time of day or week</td>
<td>38%</td>
<td>38%</td>
</tr>
<tr>
<td>Optimize packaging</td>
<td>38%</td>
<td>38%</td>
</tr>
<tr>
<td>Employ value engineering</td>
<td>38%</td>
<td>38%</td>
</tr>
</tbody>
</table>

Source: A.T. Kearney Achieving Excellence in Retail Operations Study, 2010
room for improvement, as our study finds that nearly 40 percent of retailers use two or fewer cost management techniques.

**Store technology.** Appropriate use of technology can simplify scheduling of both labor and product replenishment and enhance performance reporting. With information, retailers can make smarter choices about capital and operating expenses, significantly lowering costs and optimizing the total cost of ownership.

According to AERO, although 85 percent of respondents agree that technology is an important differentiator in store performance, fewer than 70 percent have management or planning systems (such as ERP or MRP) in place.

Retail executives surveyed also agree that technology designed to reach and assist the customer is a potent differentiator of store excellence. They may like it, but so far they don’t use it very much—fewer than half use customer-facing technologies. Of these, 49 percent use TV and video to demonstrate or promote products and services; 49 percent use price scanners or checkers; 30 percent use ordering kiosks; 19 percent provide product availability scanners; 12 percent offer self-checkout; and 9 percent provide smart carts. Of course, the appropriate tools are right for the targeted customer and are in line with the banner identity, but it appears that retailers have plenty of options to consider for both controlling costs and providing better reach and services to the customer.

### 4. Using the Learning Store for Rollout

Many retailers participating in the survey find that examining their own methodologies generates copious amounts of ideas and potential new

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**CASE STUDY: Streamlining Success with Learning Stores**

How can a retailer control costs while keeping its unique niche? This retailer was facing challenging financial times and wanted to identify cost savings within each store’s operations. However, it had three unique brands, three different operating models, and individual point-of-sale systems at various locations. Past efforts had not produced uniform success—in fact, different initiatives at different times had produced even more variability among stores, with diverse methods and uncertainty over what might really work over the entire system. Management was very concerned that store shrink rates were higher than the industry average. The bottom quartile of stores was performing at very poor levels.

**Approach**

We began by collecting data from 11 stores to diagnose current operating performance and locate opportunities to improve productivity. We presented our findings to store executives—a diagnostic business case identifying more than $30 million worth of benefits by improving store processes. This was compelling evidence to move forward. Rather than roll out new methods across the chain, our team suggested a Learning Store approach. Five stores across three regions were designated as Learning Stores. In each store, processes underwent detailed re-design, new methods were tried, and improved loss prevention practices and scheduling methodologies were put into place. The Learning Store demonstration project verified that changes suggested by the diagnostic analysis were really functional, and the improvements were adjusted to make them viable for a roll out across the retailer’s operations.

**Results**

The team identified more than 24 improvement opportunities in store processes, loss prevention practices and scheduling methodologies. The dramatic changes in efficiency and productivity demonstrated by the Learning Stores created momentum for change in field operations and enthusiastic buy-in at the corporate level. While the original analysis suggested savings of more than $30 million, the ongoing implementation suggests that this figure will be much higher.
directions. But how to choose and select the best strategies for a particular retail environment? AERO recommends the Learning Store Methodology to provide a controlled environment in which opportunities can be tested and developed by an in-store team. In other words—learning! Ideally, analysis of all available metrics has been completed with improvement tracking continuing throughout the Learning Store trial. A thoroughly planned, often-updated, innovative program must also be developed. In the Learning Store concept, representative stores are selected as pilot sites for whatever new program and potential changes seem to offer the most promise. The changes are made and then measured for impact at the same time that mechanisms are triggered to gather employee and management feedback for benefits and challenges. These stores test changes (compared to a control group of stores with similar characteristics and no changes applied), point the way to modifications, and enable rollout of new programs or modifications with a high degree of confidence. The emphasis at these Learning Stores is on testing and tweaking, not necessarily on achieving an initially successful result. The method seeks to lay a foundation and modify and improve design, rather than to deliver a fully constructed edifice (see sidebar: Streamlining Success with Learning Stores). Because all levels of store personnel participate in the model, management can evaluate, analyze and prioritize changes with the confidence and knowledge that the program will likely impact all levels and all components of their business.

The better the trial is during piloting, the fewer errors that will occur during full rollout. AERO finds that leading retailers—those with a higher percentage of rollout success in all stores in their network—test more initiatives: 88 percent of leaders test at least 50 percent of their initiatives, compared to 68 percent of followers. Ultimately, leaders implement fewer of these programs, choosing the best from a wider, better-tested selection. They orchestrate the rollout across their store networks, taking into consideration their organization’s ability to adapt to change. In other words, leaders are lavish with ideas, but strategic with actual implementation (see figure 6).

Figure 6
Leading retailers use pilots to roll out fewer but more successful initiatives

Source: A.T. Kearney Achieving Excellence in Retail Operations Study, 2010
Leaders tend to use a core group of stores as test sites. Followers, on the other hand, try less but implement more. Leaders test intensively, but for a shorter period of time, since they tend to have a ready and experienced group of pilot sites to determine speedily what works and what doesn’t. Sixty-seven percent of leaders pilot programs for less than one month, while 71 percent of followers pilot programs for between one and six months. It appears that retailers that frequently use a Learning Store concept become expert at determining what will work and what changes should be made, or when a concept should be discarded. They have learned to manage risk and promote decision-making confidence, thanks to finely tuned information-gathering techniques.

Successful piloting requires a willingness to listen, and the courage to discard ideas that once seemed excellent. The study demonstrates that selecting fewer but better changes and improvements results in a much greater degree of success, and a higher level of compliance when the initiative is rolled out throughout their store networks.

Once the model is built, top retailers don’t just put a manual together and ship it out to the stores. Leaders invest far more in formal training methods to implement their initiatives. Seventy-five percent of leaders use both “train-the-trainer” and formal training methods to ensure that all levels of personnel—regional, district and store—are fully equipped with the skills necessary to implement new initiatives.

**Moving from Basic to Advanced**

True retail leaders understand that their work is never done. They gather as much information as possible, select the most appropriate tools, study and test the prototype—and do so quickly. When they implement, they do it wisely and strategically, always looking for ways to improve the design and engage the people within their organizations to ensure success. These retailers implement swiftly and with confidence built on experience. They do what all good carpenters do—measure twice, and cut once.

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