

Mapping Out a Strategic Plan

All retailers need to have a long-term information technology strategy. The need to create a faster, agile and profitable enterprise is more important now than ever before. One of the most effective building blocks for achieving this critical strategy is a multi-year IT plan. This type of detailed, enterprise-wide roadmap is essential to getting the retailer's IT infrastructure—and more importantly, the business as a whole—to a desired end-state of efficiently supporting core business functions that lead to growth and success. However, making the plan is, literally and figuratively, only the beginning. Before deploying advanced applications, retailers may need to address systemic issues. The good news is that the discipline involved in carrying out a plan creates additional benefits along the way, producing a multi-tier effect throughout the organization. These benefits go well beyond the IT department, boosting a retailer's business agility along with its IT flexibility.



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What's at Stake for Retailers

Creating and carrying out a strategic information technology plan brings a host of benefits to any organization. In addition to defining direction, a strategic plan, and the processes involved in carrying it out effectively, help keep the entire organization moving toward its business goals—even when facing unexpected challenges, such as the loss of a key supplier or a strong new competitor entering the market. Industry experts believe that a strategic plan can even temper the tendency to overreact to such crises, by keeping people focused both on long-term goals and the small steps needed to achieve those goals.

Without this type of focus, many retailers succumb to a “red alert—all hands-on deck” mentality when a challenge arises, abandoning or neglecting important projects in mid-stream. Too often, the result is that both people and companies are consistently reactive rather than proactive—creating conditions that produce even more crises in the future.

In fact, a strong strategic plan creates an environment that makes it easier for retailers to deal with the unexpected. A plan like this is meant to be truly strategic, not tactical. Strategic plans are mostly about capital investments, the big dollar commitments a retailer makes. Strategic planning also needs to address the underlying IT requirements that make such major initiatives possible.

Key Elements of a Successful Strategic Plan

For a plan to provide maximum benefits, it needs to combine a big-picture vision with the specific steps required to realize that vision. Among a roadmap's most important elements are:

- ◆ **A realistic assessment of the current IT infrastructure:** More than simply a list of applications, retailers need to know the actual functional capabilities of their legacy systems. For example, can their current systems handle the complexities of omnichannel distribution or support mobile devices? Will they require an upgrade or a complete replacement to do so? Which systems are reaching the end of their lifecycles, for instance relying on a dwindling group of IT professionals for support and maintenance?
- ◆ **The business case for IT initiatives:** Just as retail CIOs must combine IT knowledge with business acumen, so must any IT initiative serve a demonstrable business purpose. Whether the goal is getting closer to customers or streamlining the supply chain, business needs should determine the destinations for IT.
- ◆ **The “due diligence” involved in major IT initiatives:** Strategic plans should build in the time required to select the right technology supplier; plan for systems migration or integration; purchase and install the products; deploy them within the retailer's IT infrastructure; and train employees in their use.
- ◆ **Cost and time estimates:** These will put “meat” on the bones of a plan and help to determine optimal resource allocation while the plan is being carried out.

Business Tip:

Business needs should shape IT goals.

Look at your company's business issues and challenges before you even start looking at the IT involved in that business process. And before you identify the applications most in need of change, define metrics that are appropriate for your business.



Business Tip:

Inspect what you expect.

In carrying out a strategic plan, make people accountable for what they are asked to do, with pre-defined metrics and regular reviews. Have the plan's project managers continuously review and approve the work that an individual or team claims they've accomplished.

- ◆ **Achievement milestones:** The large scope of many plans can be intimidating. Making a plan work requires breaking it down into achievable steps; sharing these steps with those who need to carry them out; and then checking to ensure that they have indeed done so.
- ◆ **Frequent meetings:** Most industry experts recommend that key plan participants meet at least quarterly in order to assess progress, deal with unexpected contingencies and maintain forward momentum. These meetings should be supplemented with annual meetings, preferably off-site and distraction-free, where top executives can make sure the strategic plan remains aligned with the retailer's competitive situation and its long-term goals.

Strategic Plans Align Organizations to Meet Future Needs

A Q& A with Rob Henneke, President and CEO, RPE—Retail Process Engineering

Q: What's your definition of a strategic plan?

A strategic plan provides the opportunity to align people, processes, as well as technologies to support a future vision of the business. The strategic planning process is not simply a laundry list of applications to be installed and implemented, but a design process that takes into account stakeholders' future needs and current-state gaps. Products of the strategic planning processes are the tactical plans, which allow a coordinated and universally understood approach to achieving the strategic plan.

Q: What are some of the gains from having a strategic plan?

Creating a consistent message and providing advanced applications are important parts of any strategic plan, but this alone is not enough. The real power of a strategic plan is the ability to understand how the message and applications can be applied and implemented within the organization. The opportunity to align the organizational structure around the future-state processes and applications has the potential to provide substantial cost savings. The strategic planning process also provides the opportunity to build application and support structures for emerging channels and markets.

Q: What are some ongoing benefits of having a plan?

The benefit of a strategic plan is the ability to provide clarity of purpose, organizational focus and direction. This doesn't necessarily mean that strategic plans are static documents. Strategic plans represent a vision at a point in time and are designed around a set of assumptions. Senior executives have an ongoing responsibility to evaluate and review the underlying assumptions supporting the strategic plan. If the assumptions and business climates have changed dramatically, the plan will need to evolve.

Q: Organizationally, who should be involved in strategic planning?

It's important to note that strategic plans by nature are a long-term commitment of resources, requiring the full support of C-level executives. As for the planning process, several options exist for development of a strategic plan. A number of retail organizations have created internal strategic planning departments responsible for exploring future trends as well as developing, presenting and implementing plans. A more traditional route has been the use of consultants to develop the business case and proof concept around the strategic plan. Once the plan is adopted, the consulting organization can either be engaged as part of the implementation, or the organization can manage the process internally.

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Q: What should the CIO's role be?

Technology applications continue to play a larger role within any retail organization, which makes the CIO's support and expertise invaluable. The CIO must be a solutions provider as well as a realistic gatekeeper, providing a clear assessment of the resources and capabilities of any application. The CIO can provide insight into the process changes involved for other functional stakeholders as part of the strategic plan.

Q: Can an outside consultant be helpful, and if so, how?

Consultants can be deployed in a very limited scope or on a broad scale depending on the particular needs and talent that exist within a company. This "a la carte" or plug-and-play approach can provide real value for a client. Consultants typically have the freedom to provide unbiased perspective that individuals within the organization may not have the ability to do.

Lessons Learned

Greater involvement by line-of-business and senior executives helps build, and maintain, support for projects.

The other key lesson is that strategic plans are themselves crucial to business agility. A true strategic plan cannot become outdated by the pace of change in the industry, because no retailer is ever truly 'caught up' on upgrading its technology stack, the network pipes, IT architecture, application layer, and the process of sunsetting legacy systems.

Most importantly, a strategic plan should move retailers toward the goal of creating the perfectly agile enterprise, which can implement new things that come down the pike with swift ease. In the real world, creating this perfectly agile enterprise isn't really achievable. What's important is making the journey.

Business Tip:

Get and keep the CEO involved in the plan.

For any plan to be successful, major support must come from the CEO. It's a big risk factor if the CEO doesn't really buy in. However, if the boss says, "This is important and this is what we're going to do," IT filters down to everyone, with a totally different impact than that of anyone else.

