

Prioritize your drowning Store Leaders!

Don't wait for the store of the future. You need to simplify your store operations right now.

This deep-dive review is accompanied by a full set of resources for you to diagnose, define, and deploy Agile Store Operations across your retail business.





Long live the store.

Back in 2013, technology investor Marc Andreessen claimed “retail stores will completely die”. The future, as he saw it, would be solely eCommerce. Just seven years later, his claim was to be rigorously tested by the shock of a multiyear global pandemic.

The last two years have been crucial in showing us the sticking power of stores. With doors shut and people homebound, many thought eCommerce’s triumph moment had arrived.

But then something unexpected happened.

It soon became clear that this new reality of customers needing to shop where they want, when they want and how they want, required one essential component.

The Store.

Over 90% of transactions continue to touch a store in some way. For the increasing amount of service and fulfillment activities that digital retail requires, the store has become the central hub.

With this, executive and management teams across the country have realized the vital need for agility in their stores. They need to move quickly to cope with changing consumer demand and local conditions, while ensuring they’re as resource-efficient as possible.

The need for stores to be multi-functional and agile presents a whole new wave of challenges. Despite being the core of the business, stores and store teams have seen years of underinvestment. Ever-increasing activities are pushed through outdated management practices that flood stores with countless reports and tasks. In-store customer engagement is at an all-time low. Employee turnover is so high it’s become known as the great resignation, impacting retail more than most.

Store teams are drowning.

How can retail executives meet these challenges and save their stores? Many businesses have already done this by applying agile methods to their operations. Retailers are now asking themselves whether they can employ these rapidly-moving agile practices,

that are both data- and people-centric, to their physical stores. The result is Agile Store Operations.

This report shares many of the stories and practical steps we’ve seen many of the world’s retailers we work with take to achieve Agile Store Operations in their many thousands of stores.

In addition we provide resources, data, tactics and supporting information on how retailers can achieve this business-critical transition, solving these new-world challenges before they become too deeply embedded. More information can be found on our website at www.quorso.com.

Julian Mills, CEO Quorso

Contents

P.3

Are you thinking about the store of the future all wrong?

The store of the future is an imaginative place that frequently features to live up otherwise heavy strategic planning. Is such fantasy leading retailers astray? Should we actually be looking to what's staying the same, rather than what's new?

P.5

A blueprint for best-in-class Agile Store Operations.

ECommerce has a core process – data, experimentation and rapid feedback cycles – which is responsible for much of its success. Agile Stores can do that too, leading retailers to similar success, delivering large-scale impact with small, lean teams.

P.7

Re-engage your employees with personalization and prioritization.

Archaic store ops processes are overwhelming, irrelevant and unactionable, leading to employee burnout and high churn. With the new Agile Store Operations model, employees receive personalized and prioritized actions every day to make store teams feel in control again, leading to happy staff, happy customers, and happy retailers.

P.11

The evolving dynamism of the role of the store.

The store has now become more multifunctional than ever, thanks to customers who want the shopping experience to flex around their lifestyles. Fitting all these different channels into a single location has choked stores, leading retailers to develop a mosaic approach of four key store archetypes.

P.14

Making change management quick, comfortable – and maybe even fun.

Change management always strikes fear into those working in large enterprises, thanks to years of a slow and laborious waterfall approach. But it doesn't have to be like that – as with retail stores, change management has a lot it can learn from digital development.

P.16

Building an Agile Stores business case to win over your CFO.

We speak regularly to operators who are desperate to switch to Agile Store Operations, but are finding it difficult to get buy-in from their CFO. Thankfully we've coached many through it – here are our learnings, and a guide on how you can do it too.

Are you thinking about the store of the future all wrong?

Key takeaways

- Many strategists think that the future is about fancy gadgets – but that distracts them from solving the deep-rooted problems they already have.
- It's more valuable to look at what's staying the same, as that's what you can build a business model around.
- When you look at your business in this way, you begin to hone in on the essential services and value you really deliver – and understand where the real threats and opportunities lie.
- Assessing those essentials today, it's clear threats and opportunities boil down to a challenge in store operations.
- Unless retailers change the way they think about store operations, they'll miss opportunities and lose to the threats.

As we enter a new year, futurists go into overdrive. Predictions around the retail trends for 2022 and beyond feel particularly fervent as we enter our first series of events and activities post-pandemic.

The more visionary futurists may tell you that the future store will be about robots, computer vision, VR/AR, and grand technology-driven experiences. While it paints an exciting future, it might not be of much use just yet. As Jeff Bezos states as a core pillar of Amazon's strategy:

"I very frequently get the question: 'What's going to change in the next 10 years?' And that is a very interesting question; it's a very common one. I almost never get the question: 'What's not going to change in the next 10 years?' And I submit to you that second question is actually the more important of the two – **because you can build a business strategy around the things that are stable in time.**"

So what will remain stable in the store over the next decade? Here's our prediction of the five trends we think will persist.

1. Convenience and experience are the core pillars of retail.

Not a week goes by that you don't get a message in your inbox around how the shopping habits of Boomers, Gen X, Millennials, Gen Z, or now even Generation Alpha (those just entering teen years) will change retail. Regardless, the core desires of customers have always remained remarkably consistent and human.

Firstly, we'll always want things on our terms. 97% of shoppers will abandon a shopping trip from lack of convenience, no matter what the generation. People want to buy what they want, when they want, how they want, and at the price they want.

And we demand a nice time while we're getting all that. The shopping experience is important to us and brands can cement a sense of belonging and loyalty through brand values and service. 56% of shoppers say they'd stop shopping totally with a brand after a single bad experience.

But these levers all have a trade off. Great brand and experience comes at a price, and that impacts a core element of convenience. Understanding how to optimize on both these levers will always be central to any retailer's strategy.

2. The store will remain at the centre...

Even despite the pandemic and growth of eCommerce, over 90% of transactions still go through local stores.

Although the traditional role of the store is changing to become a central hub of different activities, retail remains about physical goods and inventory rather than just pure services. It will always require physical locations to store, fulfil and merchandise their products.

3. ...but the customer journey will remain strongly influenced by many different types of digital and physical interaction.

You don't have to go all-in on the metaverse to understand the importance of digital today. 81% of shoppers research a product online before purchasing it.

The greatest challenge to retail, however, is that physical and digital are one and the same for the customer. For many retailers, the approach internally between these channels has been to separate and silo them, which has failed to deliver a seamless experience for the customer.

4. Volatility and uncertainty will persist.

Covid-19 impacted stores, customers, and supply chains in a mere matter of days. And the inflation and shortages that are continuing to unfold remind us that any return to certainty is at best "far off" and more realistically, just a plain illusion.

Retailers today have to navigate a range of potential uncertainties: changing customer demands and employee expectations, the need to be more sustainable, and the evolving impact of technology on society. It's foolish to be too prescriptive around the new, but embracing adaptability and resiliency is core to responding to a changing future.

5. People will remain at the heart of retail.

When the University of Oxford looked at those sectors at highest risk of automation, retail was deemed the highest - 40% higher than the average. Since the report came out, retail jobs have only increased and concern today is more about shortages than declining employment.

The reality is that retail remains a human-driven activity as 82% of American customers want to interact with a human being. The best retail leaders have always known that the interaction between your associates and your customers is the biggest driver of your brand relationship.

Perhaps most important is that believing in automation and robotic investment isn't contradictory to putting people at the core of the retail experience. As David Marciotte of Kantar recently put it: "Even when you have robots, you a) need humans to operate them and b) find people are a much more flexible and responsive resource to volatile environments." One could argue that in an ideal world, store associates spend minimal time performing manual tasks like restocking shelves and focus the large majority of their time on helping and advising customers.

The engagement problem in retail is no longer something that retailers can shy away from - it is core to the long term sustainability of their business.

Unless store operations update, the future of the store doesn't have a future.

When you assess these permanent trends in retail, it becomes clear that the greatest challenges relate to store operations. Stores and store teams are not just core to a retailer's performance, but also their ability to optimize and innovate towards their customers.

After years of directing investment towards eCommerce rather than stores, store operations have reached a critical state. With processes unchanged from 30-years ago and stores required to undertake ever more complex activities, overwhelmed colleagues have seen the greatest churn in the history of any industry.

The questions retailers should be asking themselves aren't just about whether they should install a check-out free store. They need to go back to asking what the purpose of stores is, and what roles store managers, district managers and associates play in that. How do I simplify the amount of information and interaction I am sending to them? How do I ensure I am getting rapid feedback from what's happening on the frontline to drive success? How do I engage my teams so that the customers in our physical locations are seeing the best of our brand?

Agile Store Operations is about simplicity, engagement, and speed.

So the store of the future is less about the metaverse, and more about the classics of great retail execution. Where stores are drowning in data and complexity, we need to use intelligence and automation technology to simplify things. We need to use that same technology to engage, rather than control, store teams. And we need them to see in that technology the real-time changes happening around them, with time freed up to respond with speed.

We need Agile Store Operations.

A blueprint for best-in-class Agile Store Operations.

Key takeaways

- Building adaptability and resilience is necessary for large organizations to survive volatility, but few are sure how to do it.
- Physical retail can learn from eCommerce, which uses data, experimentation and rapid feedback cycles to improve, managing huge businesses with small, lean teams.
- The goals of eCommerce and Agile Stores are similar: simplify, speed up, and engage people.

Building adaptability, growth and resilience is now a business imperative. Increasing organizational agility is now almost on the same par as the traditional drivers to grow profits or attract more customers.

Its recency, however, means that few really know how to go about achieving it. Even those leading the pack are doing it with guerilla tactics: learning from the theorists, learning from each other, and learning from their mistakes.

We've had our eyeballs to the data for seven years and seen what's worked, and what turned out to be a waste of time. In this article, we share what good agility looks like in store operations as well as a roadmap to suggest and inspire what it could look like for other retailers.

Agile Store Operations are as easy and effective to manage as eCommerce.

The easiest way to think about Agile Store Operations is to think about how your eCommerce operations work. With heritage in the software world, eCommerce organizations use data, experimentation and rapid feedback cycles to nimbly iterate their way to successful outcomes. With the right approach and the right tools, small teams can orchestrate simple and engaging customer journeys for large customer bases.

In sharp contrast to sleek efficiency of digital technology, one only needs to walk into a store back office and see the cluttered notice boards and paperwork which are somehow expected to drive efficient operations in stores.

But managing the physical is still very different to digital and so we need to carry out some creative interpretation.

So, what do best-in-class Agile Store Operations look like?

Agile retail stores have three primary goals:

1. **Simplify.** Reduce the vast array of information and required activities of the field to focus only on what matters.
2. **Speed up.** Reduce the cycle time on information to ensure team members have what they need to correct, adjust, and learn.
3. **Engage colleagues.** Create more meaningful working environments for store teams, improving onboarding and retention and engagement in the job and ultimately translating into better customer experiences.

The need for simplicity.

Store teams were drowning even before the pandemic and things have only gotten worse. Recent evidence suggests workloads have increased by at least 30%. Ensuring teams spend their time only on what matters is essential, yet most managers still spend less than 40% of their week on the floor or coaching teams.

The current approach to management is not helping. Our most recent store audit noted that the typical store is sent over 20 reports, and more than 50 tasks a week. Analyzing, understanding and actioning all this information in itself becomes a full time job.

Simplifying operations to achieve agility requires retailers to:

- ◆ Unify information into a single place, consolidating all the data, tasks and alerts that are being sent.
- ◆ Personalize and prioritize information by store, removing the 96% of irrelevant information for store colleagues and managers, focusing just on the activities and exceptions that are essential and actionable.
- ◆ Streamline workflows – capturing actions and their impact digitally to provide insights for central teams and scale improvements.
- ◆ Deliver information in real time and in the most accessible format – mobile, which is now the primary in-store device.

The need for speed.

Less than 40% of an organization at any one time knows what their goals are. Today's volatile environments make this even harder. Large organizations are reluctant to change goals too often because company-wide alignment takes so long, but it means they're inflexible to any kind of change and risk dangerously lagging behind. Retail needs to be able to realign continuously and rapidly between the center and field.

Many of the retailers we talk to felt that information sharing was too slow between the center and the field. There are 3 core challenges. Firstly, timely insights and analysis. Although real-time data can be shared, waiting six weeks for an overall picture of performance is too slow. Secondly, information back from the field is sporadic. Ad-hoc surveys are a poor way to understand how the field engages and acts on information.

And finally, there is the challenge of disseminating information across the field. Sharing of best practice for instance, is often reliant on a District Manager to manually communicate with nothing systematically captured or communicated across regions beyond company meetings.

Speeding up operations requires retailers to:

- ◆ Have communication channels that rapidly align teams to their goals and metrics, while also having the flexibility to adjust and realign.
- ◆ Distribute business performance information to the stores in real time and share field feedback to the center in a rapid and consistent way.
- ◆ Crowdsource insights and best practice sharing across the field and from the center.

The need for engagement.

As Sam Walton once said "If you want the people in the stores to take care of the customers, you have to make sure you're taking care of the people in the stores". 59% of customers will walk away after a few bad experiences, and your store associates are at the core of driving those experiences.

So when 41% of retail employees hardly ever enjoy coming to work, the worst of any sector, it is clear that something needs resolving.

To boost engagement, employees want:

- ◆ Feedback on how they are performing, and how the actions they are taking make a tangible difference.
- ◆ Guidance and coaching in a more continuous and constructive way than just the annual review and monthly store visit.
- ◆ Autonomy, but not at the expense of visibility and personal accountability to performance, retail teams are competitive and want to know that the assessment of their performance is fair.

Online resource: [Setting up an Objectives & Key Results \(OKR\) framework for Agile Store Operations.](#)

How do you ensure you become simpler, speedier, with more engaged teams? Download our online resource at quorso.com/resource-center, which walks you through the practical steps to set the right goals and measurement markers.

Re-engage your employees with personalization and prioritization.

Key takeaways

- It's not just customers that need their experience personalizing – store workers need it too.
- Retail is the worst performing sector for employee engagement.
- Tasks, data, and insights sent to store teams are overwhelming, irrelevant, and unactionable.
- If you give a colleague too many things to do, they're less likely to get done.
- There's so much irrelevant data shared with teams that anything useful is obscured.
- The greatest opportunities for improvement come from detecting where you're falling short week-to-week, not year-to-year.

No retailer is debating the ever-increasing demand from consumers for personalized retail experiences.

And customer needs drive action, so it is no surprise that 79% of retailers are now investing in customer personalization. For most of them this involves using customer data and analytics to provide specific and relevant information and recommendations to each customer.

Such desire for personalization is rooted in human nature – we all are unique and want to be treated as individuals. Such treatment makes us feel cared about and drives loyalty. 80% of companies that adopt personalization methods see an uplift in performance.

Yet customers are not the only people that retailers interact with every day.

While retail is the highest performing sector for customer engagement, it is the worst-performing sector for employee engagement.

Personalization, or rather a lack of it, is a core cause of this problem. Traditional store management takes a one-size-fits-all approach. Retailers send a uniform hosepipe of data, reports and recommended tasks to the field. It is little wonder that stores feel like mere cogs in a machine.

Tasks, data, and insights are overwhelming, irrelevant, and unactionable.

We asked our Agile Stores Lab to research this and found three core issues with how information and recommendations are sent to stores that personalization and prioritization would rectify.

1. **Activities are overwhelming** – An average of 20 reports and 50 tasks are sent to the field each week, a full-time job in itself to review.
2. **Data is irrelevant** – 96% of information sent to a store is irrelevant to them, (defined as not helpful for driving improvements in that store).
3. **Insights are unactionable** – The types of exceptions that central teams flag to store staff (i.e. mainly vs LY comp) often can't be actioned to deliver impact.

Every week Quorso analyzes trillions of retail management information data points to find millions of specific areas where individual stores can drive improvement. Stores then decide whether to act on these opportunities (we call them Missions) and, if they do, we track the impact they have.

The following analysis is based on 22,583 suggested Missions + actions taken + improvement delivered, as well as surveys of our retailer customers to understand the amount of information they are sending stores and what they are asking them to do.

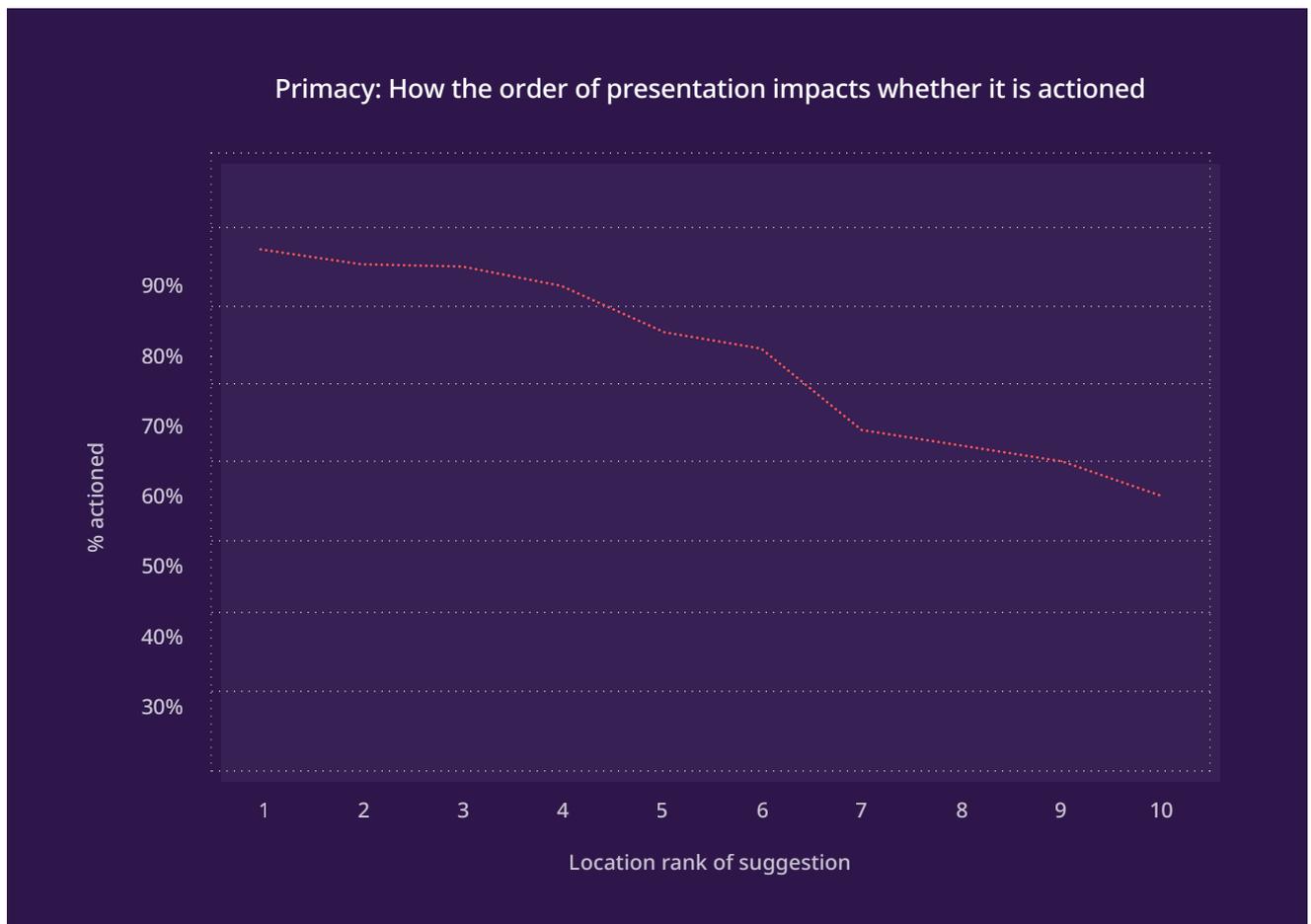
Too many activities distract from what matters most.

With stores having to shift to become multi-functional, store teams are responsible for a huge array of activities. But piling up things to do on a large list isn't going to mean they get done well – or even at all.

Primacy – the impact of being the first thing people see – is a well known concept in marketing. Whole

industries have been formed around things like Google search, where the 1st ranked page is four times more likely to be clicked on than the 5th.

Few retail operators would think about a concept like primacy when sending activities to stores. Our Quorso data shows, however, that throwing too many activities at teams is causing a drop in actionability, shown in Chart 1.



For example, following the chart, we can see that the seventh thing you ask someone to do or look at is 33% less likely than the first thing to be actioned, and this worsens with each activity added. In other words: if you're piling on things for your store teams to do, they're not all going to get done. Give them manageable bursts of activities, however, and you'll see them being completed.

The number of things we give to an employee or their priority order has a huge impact on what they achieve. That's why personalizing and prioritizing each store colleague's activity list is of such critical importance.

Too much irrelevant information buries the data that is actually useful.

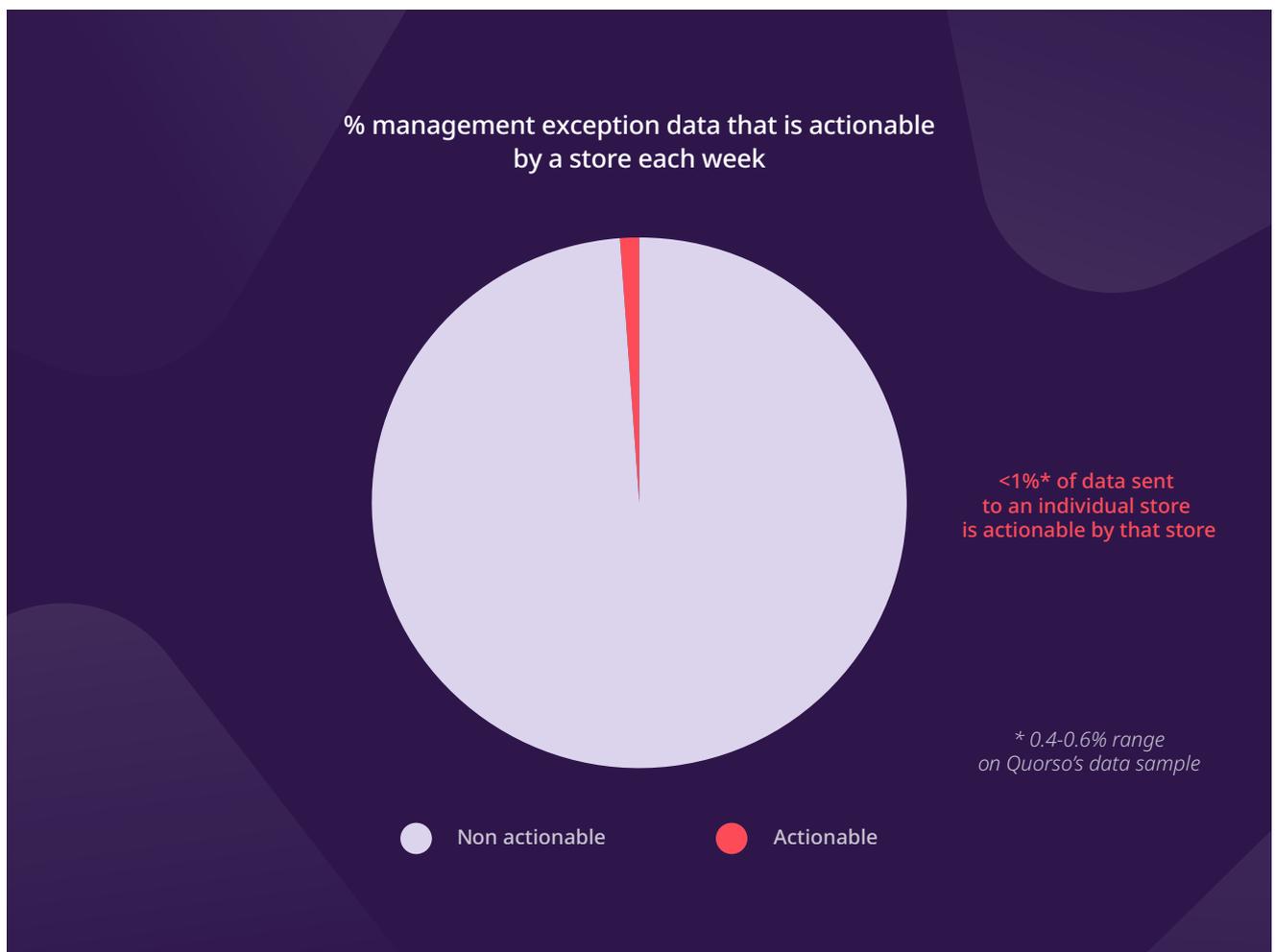
Overly aggregated data has never been useful in retail. For example, telling a store its sales are down isn't as helpful as pointing out its dog food sales specifically that are down. Even better is to say which particular SKUs are underperforming.

In a well-meaning effort to provide this valuable granularity, central teams have sent all information possible: sales reports, category reports, product reports.

But how much of it is actually relevant?

Our research showed that at the level store teams deem relevant (e.g. a subcategory for sales like dog food), when running a detailed exception analysis and then confirming actionability with store teams, 80% of actionable exceptions were surfaced at less than four stores in multi-thousand store chains.

The broader reality of this is that 96% of information sent is irrelevant, so finding ways to filter and personalize it before sending it to the stores has huge potential value.



Insights that do not drive actionable improvement are frustrating and time wasting.

As an industry, retail is very focused on Last Year comparables. As an overall measure this is important, companies are assessed based on their annual growth in sales and profitability.

The challenge, however, is that this overall view of performance does not translate into actionable improvement at a more granular level.

The last couple of years have really highlighted this issue. Changing consumption trends, stock issues, regulation can all have dramatic impacts from year to year, that make traditional ways of measuring pretty irrelevant.

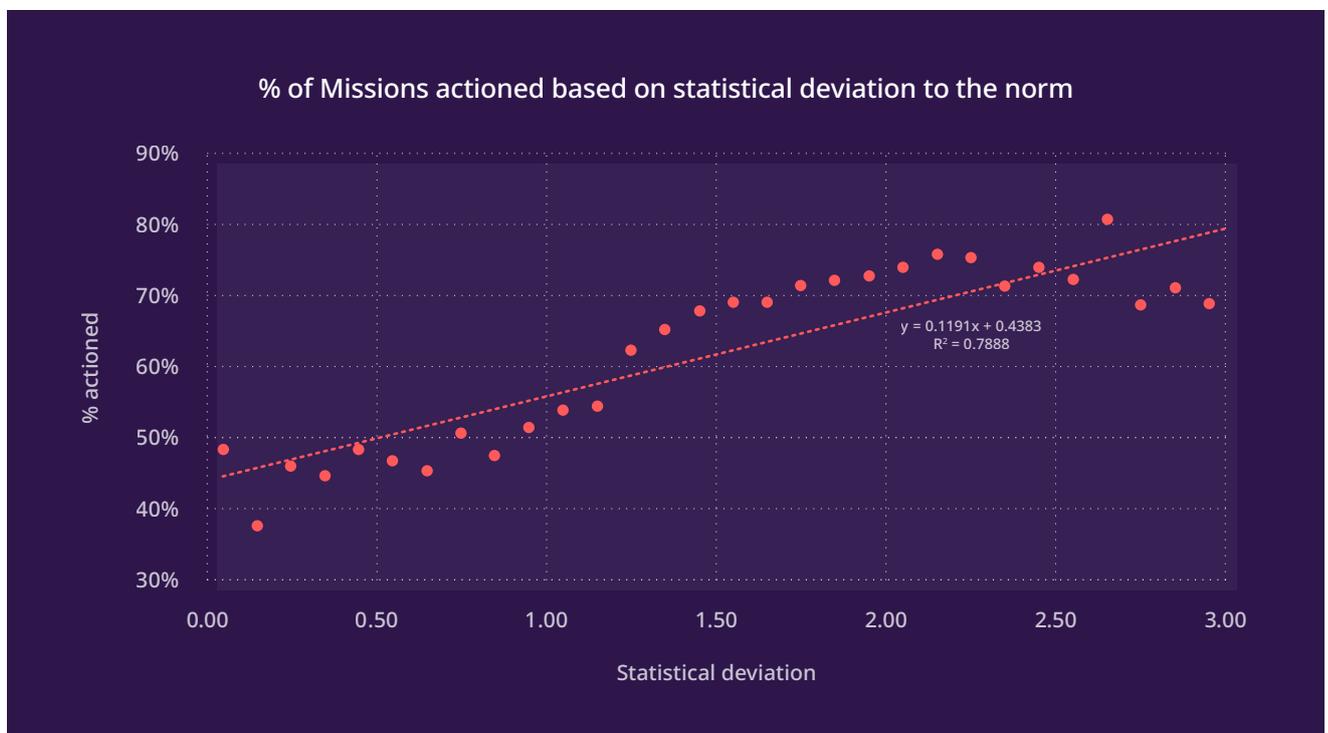
An alternative approach we have honed at Quorso is to use statistics to look at how certain items perform in a given period vs their relevant control group. This approach is easy for any retailer with over fifty stores (or comparable departments) to analyze.

What we have seen is that the greatest predictor of actionable improvement is not LY comp performance but

rather, as Chart 3 shows, the degree to which a store is an outlier vs its relevant control group.

In other words, the greatest opportunities for improvement come from detecting where you're falling short week-to-week, not year-to-year. To be able to do this, central teams need to be far more specific and personalized in their methodology for exception reporting to ensure they give ongoing insights to stores that actually drive impact.

Chart 3. Statistical outlier chart.

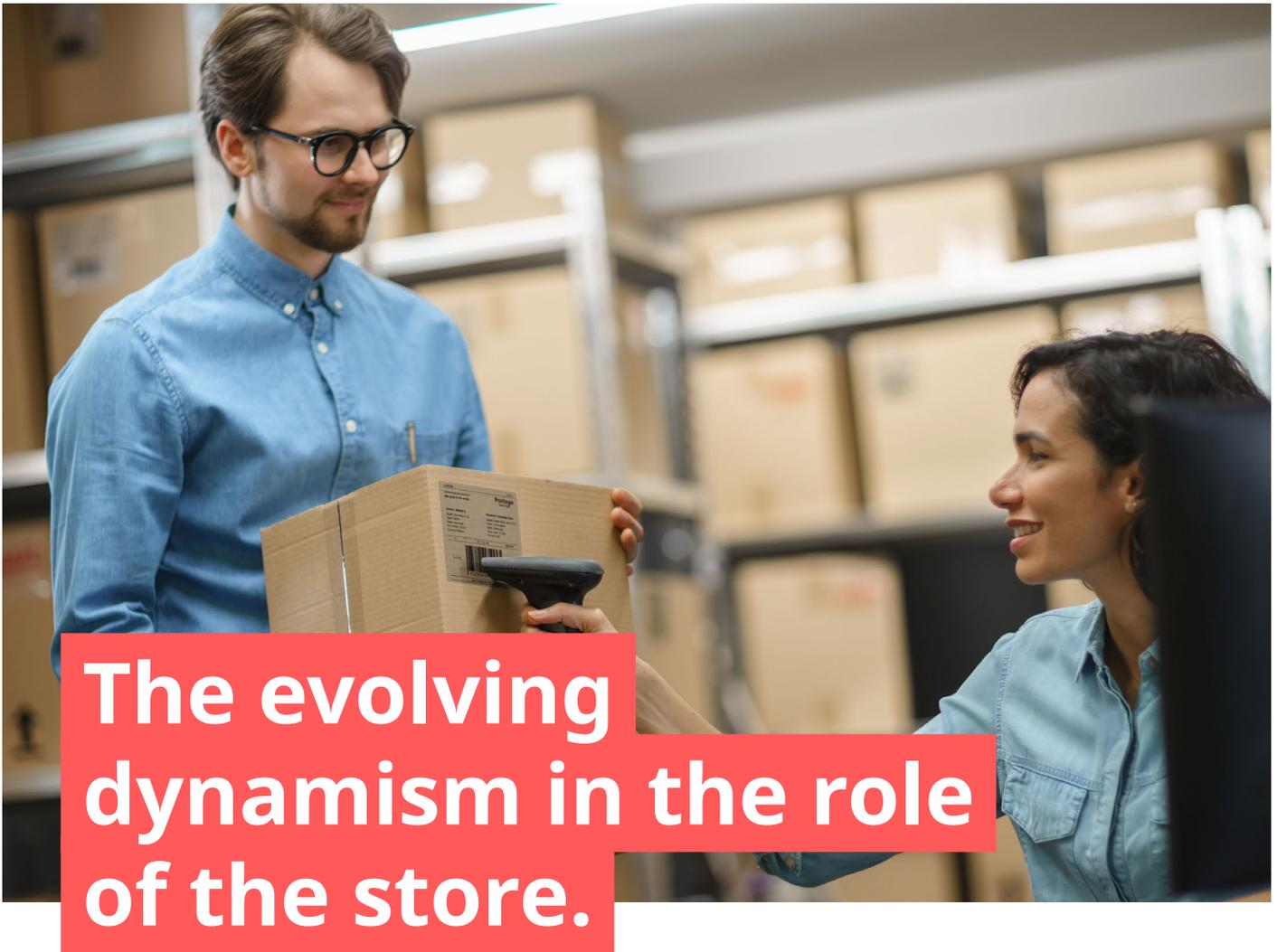


Why all this personalization and prioritization is so important.

Just like personalizing experiences for retail customers drives greater loyalty and business results, the same is true of personalization for store employees.

Personalized and prioritized activities, data and insights for stores all result in greater engagement, faster onboarding, lower churn, increased sales and boosted labor productivity.

Retailers have always been so focused on customer data, and have invested heavily in using it to enhance the customer experience. But the biggest opportunity – even demand – is now to apply this personalized in-store experience to the other critical people in your business – your employees.



The evolving dynamism in the role of the store.

Key takeaways

- Customers want ever more out of retail stores – and they’re becoming increasingly complex as a result.
- That complexity is being driven by two things – complexity of fulfillment and complexity of service.
- Varying levels of that have created four store archetypes: The Shop; The Showroom; The Warehouse; The Hub.
- Rather than having a single location split between all of these archetypes, retailers are switching to offer a diverse mosaic of archetypes across a wider area.

Up until the last decade, 99% of all retail transactions would happen in a store. These fitted into one of two models:

1. **‘Buying Stores’**, where customers come with specific purchases in mind, and retailers therefore focus on convenience and
2. **‘Shopping Stores’**, where consumers come to browse and explore, and retailers therefore focus on experience and engagement.

But two major shifts have disrupted this simple model. Omnichannel has changed the game for convenience – 80% of Americans now use multiple fulfillment methods. And the rise of digital has taken the discovery process digital, with 87% of shoppers researching online before purchase.

What has this meant for stores?

If we are to believe most commentary, a store should be all things to all people, enabling customers to buy where they want, when they want, and how they want. A store needs to maximize both convenience and experience, while facilitating all the new fulfillment options available.

Such a philosophy is clearly wrong. Retail, like any business, is about choices. Retailers must start thinking about the new choices they need to make now at the store level. The more they ask of their stores, the more complex the stores become. And complexity adds cost. So where is the balance between the store that is all things to all people, and the store that makes viable business sense?

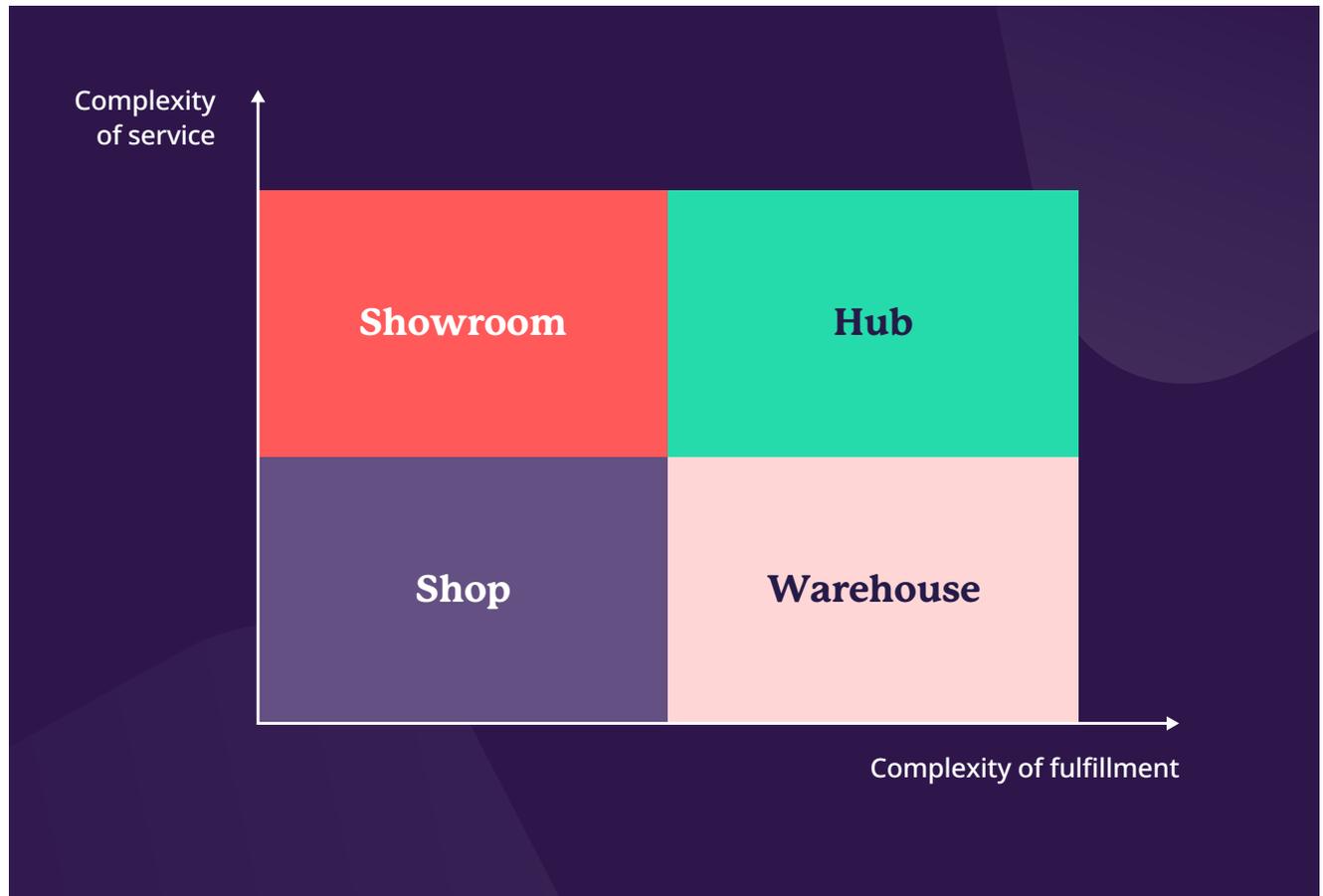
Beyond buying versus shopping: a new framework for store complexity.

Complexity is a word that surrounds retail today, yet it is focused on a couple of areas.

The first is complexity of fulfillment. As mentioned, this has been exacerbated by the rise of omnichannel. More specifically its the rise of omnifulfillment, an offering to give the convenience-seeking customer multiple pathways

for making purchases. (BOPIS, BORIS, delivery picks, etc.).

The second is complexity of service. This is about the need for better instore experiences, better training, and better customer interactions to meet the demands of the experience-seeking customer.



Understanding these two complexity dimensions gives us four broad store categories, each with a different purpose and different KPIs to drive success. Below is a description of each store type, followed by a table summarising their key priorities (Table 1).

The Showroom.

Low complexity of fulfillment, high complexity of service.

For Marketplace retailers, excellent service is the ultimate goal. The idea is to attract, guide discovery, and build relationships. Of course this can all be augmented with digital but the physical store is at the heart. Experience metrics are core: the ability to attract new and repeat customers, to up-sell and cross sell them.

Examples are apparel, durable goods, and luxury.

The Hub.

High complexity of fulfillment, high complexity of service.

When complexity is at its greatest, how do you operate? The demise of department stores, most appropriate for a situation like this, shows how hard this is to get right. Consumers have high bars for experience, service and fulfillment, and balancing all of them appropriately versus the more focused store types will always be challenging.

Examples are department stores, electronics, and general merchandise.

The Shop.

Low complexity of fulfillment, low complexity of service.

The Shop is most similar to the buying experience of old, a simple unit which customers visit to purchase with intent, or even a dark store handling collections only. They are both 'Intent Stores'. Consequently, convenience metrics are of primary importance to ensure availability, ease of finding, good presentation and a frictionless in-store fulfillment process.

Examples are convenience stores, local grocers, off-shelf apparel, and dark stores.

The Warehouse.

High complexity of fulfillment, low complexity of service.

What is the perfect set up of a store with multiple fulfillment options? Some retailers are creating separate areas of the store for delivery and BOPIS, others are putting stock-pickers on the shop floor. Each are seeking the same aim: to optimize the amount of orders that can come out of this single location, no matter how or where they are purchased. This requires a primary focus on accuracy (to ensure all customers and other providers can be satisfied) and efficiency (to ensure a profitable labor and capital model).

Examples are large form at grocery, and home.

Table 1. Example of harmonizing physical and eCommerce performance metrics.

	Showroom	Hub	Shop	Warehouse
Role	Physical location for shopping and being inspired	Physical location for 360° customer experience and fulfillment	Physical location for buying/ servicing goods	Physical location for multifulfillment
Key areas of importance for sales	<ul style="list-style-type: none"> New visitors Repeat visitors Upsells/ cross-sells 	<ul style="list-style-type: none"> New visitors Repeat visitors Upsells/ cross-sells 	<ul style="list-style-type: none"> Availability Replenishment Waste Shrink 	<ul style="list-style-type: none"> Availability Stock & order accuracy
Key areas of importance for labor	Productivity = sales per FTE	Productivity = total revenue/ labour hours	Productivity = sales/labor hours	Productivity = orders/ labor hour

The right store portfolio is a mosaic of the four store archetypes.

Historically, retailers would choose a certain type of store and perhaps flex attributes such as size and product mix for differing areas, but the overall purpose of most stores in the portfolio remained the same based on a consistent brand strategy.

In conversations with retailers, one of the things we are finding is that many are now considering a portfolio approach. They are realizing certain stores are better as showrooms, others are best suited to being warehouses, etc. This is allowing retailers to think more broadly about the different physical needs of each store and set up their whole network more appropriately.

It is also allowing them to experiment more. Dicks Sporting Goods and Starbucks have shown their ability to open showrooms with House of Sport and Reserve Roasteries. Retailers like Apple and Ulta have partnered with Target to create hub-style shop-in-shops.

The store is dead... long live the store.

A decade ago, as newspapers were talking about the retail apocalypse, the store was seen as a core issue for retailers to resolve. Unfashionable and unloved, a shrinking need was predicted as the world became eCommerce-centric.

But far from replacing the stores, changes in the landscape have instead added greater dimensions to it, enriching physical retail locations to further serve and fulfil customers. For anyone in or interested in the industry, this makes store strategy and operations an even more interesting challenge to navigate.

Making change management quick, comfortable – and maybe even fun.

Key takeaways

- Change management has always been perceived as long and difficult, but technology and communication networks haven't been deployed to the best of their potential.
- Using these better allows for constant ongoing alignment, more engagement, crowd-sourced insights and best practice, and self-upskilling.
- Additionally, most change is forced through with compliance methods – but an agile, gamified, and networked approach makes it happen quickly and comfortably.

The idea of change is one that fills many organizations with dread. Change, we have been led to believe, is always hard. Despite plenty of literature and hours of business courses, dedicated to countless frameworks for driving “effective” change, we are all aware that 70% of change initiatives fail.

But have we been thinking about change all wrong?

Despite change seeming so hard in business, societies and consumer habits are changing rapidly and naturally. We believe there are two core enablers behind this:

- New and engaging technologies.
- Networks that seamlessly connect us.

These two enablers are rarely touched on in the change management literature, so its worth visiting how they bring about change and what retailers can learn from this to drive lasting change in their own organizations.

Effortless change management needs the right tools.

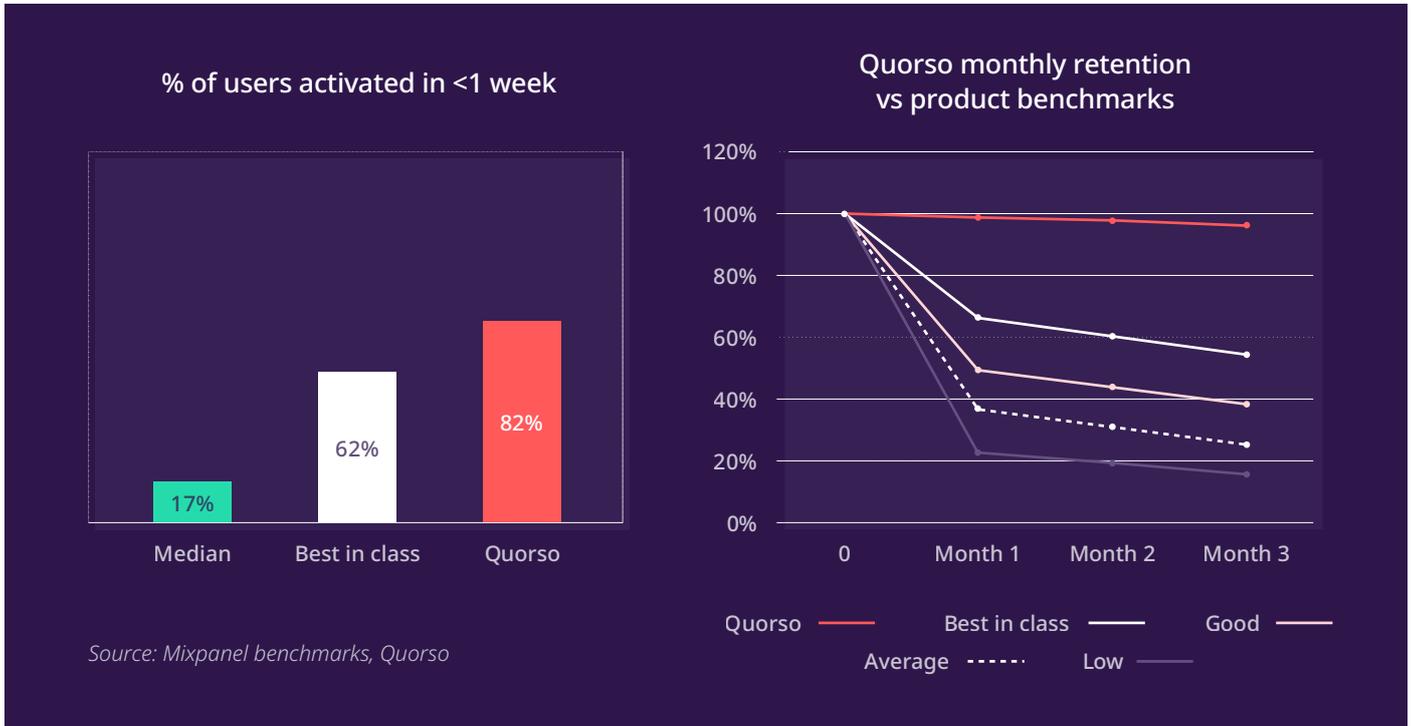
Everyone is well-familiar with discovering or having to adopt new tools and technology to help and improve the functioning of their daily lives. New platforms or gadgets create huge change in our lives, but the process of adoption is barely noticeable to us.

Change in an organization often involves the adoption of a new tool and, with it, a new process. Typically in business, adoption is achieved by compliance techniques: role-modelling, forced incentives, pushed out tasks and completion reporting.

This compliance viewpoint is in sharp contrast to the approach taken by the majority of technologies we habitually use. They instead focus on engagement. They create simple, convenient, and frictionless user journeys that delight the people who experience them every day.

By relying on compliance, businesses today are not creating the experiences that employees want. As Figure 1 shows, the average proportion of weekly active users for B2B tech is a measly 17%. Over 50% of users will stop using business technologies in the first three months.

From our recent deployments we know that a good measure of continued value is to get 80% of users onboarded and active within one week and maintain ongoing engagement of 90%+.



Instead of seeing change management as the way to enforce adoption of a new technology needed to deliver a new goal, businesses must start thinking about embedded technologies as the way to drive change and meet new goals. With this reframed perspective tools that are exciting and gamified and that employees love become far more valuable than tools that rely solely on forced adherence.

The role of networks

The majority of change initiatives focus on pushing a single method uniformly from the center across a whole organization. Networks instead, by their nature, are focused on interconnecting the entire organization in a way that organically accelerates and reinforces change.

There are three core benefits to a more networked mindset.

1. More social interaction leads to more ongoing engagement. The five most downloaded apps in the world in 2021, (TikTok, Facebook, Instagram, Whatsapp and Telegram), all socially connect us regularly.
2. Networks enable crowd-sourced insights and best practices. These are not only accurate but can also be updated far faster than the centralized alternative.
3. Networks promote self-upskilling. As the generations and individuals most digitally attune are showing us, they pick things up more rapidly.

When thinking about change it is critical to consider how people will be able to self-discover, self-improve, and share with peers to avoid anyone feeling like they are simply robotically completing tasks.

The literature around change management isn't all bad.

We would be fools not to agree that some of the core elements people talk about in change management are helpful.

Every single retailer we speak to has an impressive story about transformation in the last two years, like "We achieved a project in 6 weeks that we hadn't expected to be rolled out for the next 2-3 years!" It'd be impossible to recreate the pressures a pandemic induces, but it's a due reminder of the importance of urgency and focus.

It is also essential to have good governance (including senior support), professional processes, clear communication around why the change is needed, calls to action, great rewards, and incentives to reinforce behaviours. Our Customer Team has created a series of excellent digital guides on this to help our customers embrace change effectively. You can find them all at www.quorso.com/academy.

The key takeaway is that successful, persistent change is rarely achieved by forced compliance. Instead, change needs to frictionlessly fit into our daily lives and provide clear value. Tools and technology that understand this and appreciate what motivates human behavior have limitless potential for delivering meaningful change.

How to build a business case your CFO will love.

Key takeaways

- Numbers count to CFOs, but you also need to relate how Agile Stores is integral to driving the wider business strategy.
- Identify the goals of the business, break down the tactics used to achieve them, and then set out how Agile Store Operations helps to deliver them.
- Impact can be calculated through an impact assessment from Quorso or from using our [online calculator](#).
- Don't always think that CFOs will always go for the cheapest option – they know that it doesn't always lead to the best outcome for the business.

As much as we believe that Agile Store Operations is something every single retailer needs to commit to, we don't expect any retail CFO to simply take our word for it. As ever, a robust business case will be required.

No investment comes to any team or any company without the CFO's approval. Yet we increasingly see that the business case has become a rote task within a project or investment. Filling in standard templates and looking at standard analysis has become the norm without anyone taking a step back to think: why are we doing all of this?

Yes, CFOs are numbers people. But don't be fooled. Like most human beings, understanding the story is the core way to convince them. In any review of a business case a CFO is trying to answer three key questions:

- Will this help deliver the broader strategy?
- Will it drive sufficient impact?
- Is it the best option available?

Why these three? The first is the question that holds the CFO and other executives accountable to their commitments to the board. The second holds them accountable to investors and the market, and the third ensures that the team is ensuring they are maximizing value and choosing the right approach.

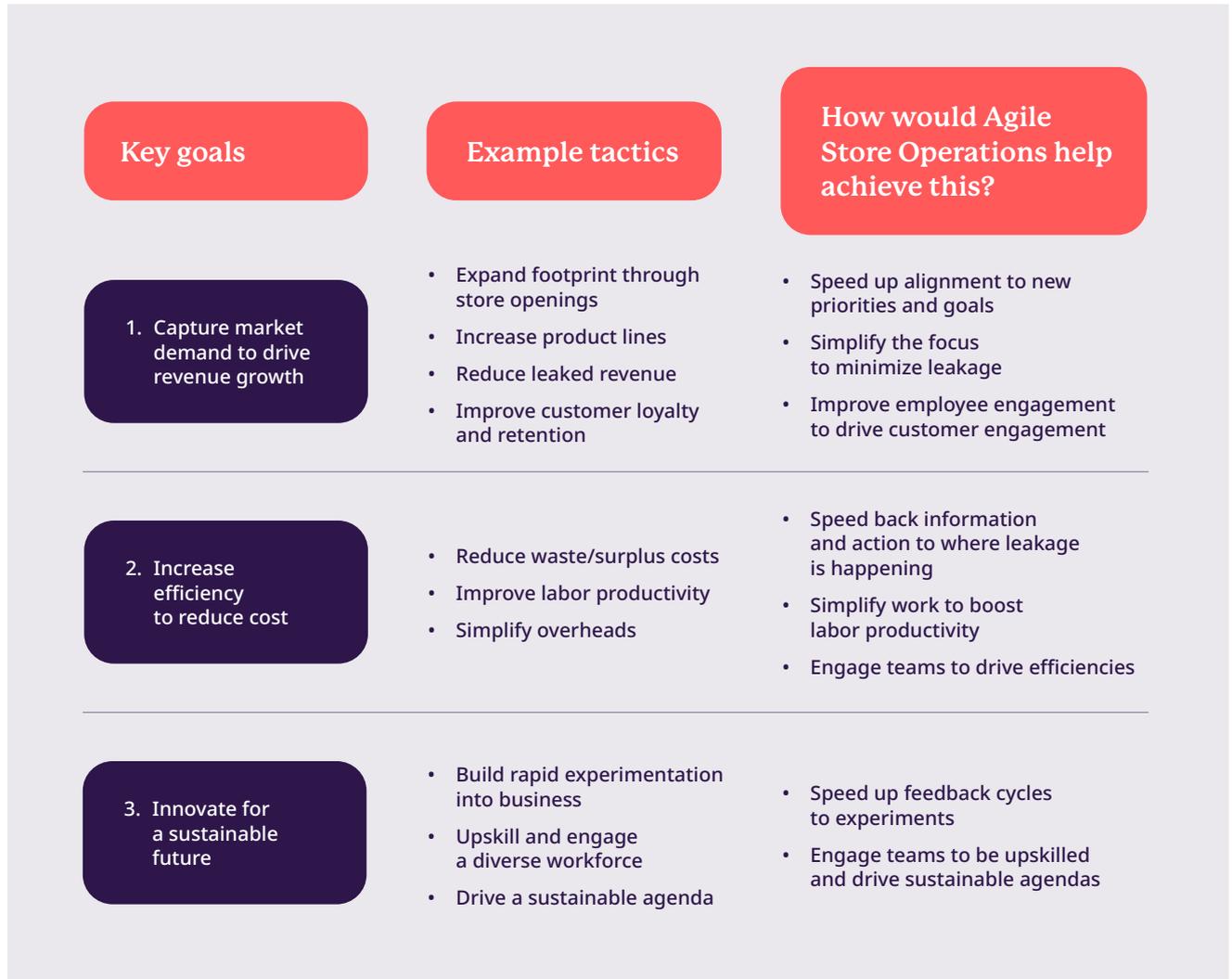
So how should your business case provide evidence for each of these?

Show the CFO how Agile Store Operations delivers on their strategy.

Every strategy will have both descriptive and quantitative objectives that ladder up to high-level goals. How a company achieves these goals is where the real strategy lies – and where any project must align to get exec buy-in.

Figure 1. Shows a generic example of three typical strategic goals and how Agile Store operations aligns to each of them.

Figure 1. Example goals & tactics of strategy and how Agile Store Operations links to achieving them.



Help the CFO drive believable impact.

Aligning to strategy is important but not sufficient, the impact on results also needs to be material. Gone are the days where you could put a number in a spreadsheet and the CFO would believe you. There is high skepticism from any CFO and a more credible approach is needed.

At Quorso we partner with the retailer to assess and demonstrate impact in two ways:

1. Break-even impact – backsolving what any initiative needs to have on the business to drive the ROI required.
2. Evidence from tests – initial data from POCs that can be appropriately extrapolated into what the impact might be on the whole of the business.

	Average actual per store per month	Improvement to achieve cost break-even \$246 per month	What type of action is most likely to create this benefit?	POC area results
Direct benefits				
Increase gross profits				
Increase Sales (Gross Margin)	\$291,667	0.08%	• Do 1 Mission per month per store	0.65%
Decrease loss	\$20,833	1.2%		
Improve online	\$15,000	1.6%	• 5% improvement in accuracy	
Reduce operating costs				
Optimize store labor	\$115,385	0.2%	• Improve schedule adherence or overtime very slightly	
Reduce controllable costs	\$30,000	0.8%	• React to cost spikes in gas or delivery 6 weeks faster	
Labor productivity				
District Managers	\$1,083	22.7%	• Increase span of control from 1:10 to 1:11.5 • Drive 1,000 miles less per month	
Unit Managers	\$6,500	3.8%	• Save 1 hour per week which can be redeployed productively	1 hour
Assistant UM	\$4,333	5.7%	• Save 1.5 hours per week which can be redeployed productively	1 hour
Store Team	\$103,468	0.2%	• Reduce work, e.g., by moving to exception-based storewalks	
Licenses avoided	\$250	98.5%	• Switch off Task Management app • Turn off BI to field • Save Finance time which can be redeployed productively	
Maintaining reports	\$1,500	16.4%	• Cancel projected hires in Data Science or Finance teams	
Longer term benefits				
Improve customer experience	\$14,583	1.7%	• Increased NPS score by 0.2	
Reduced employee churn	\$104,167	0.2%	• Negligible reduction in employee churn	
Faster onboarding	\$8,259	3.0%	• Reduce onboarding time by 10 days	

Figure 2. Gives a breakdown of a business case here as we would build with a company. You can find the template and business calculator at quorso.com/resource-center.

Note: Highlighted areas denote where POC too place, all comments to be edited for your business case.

Show the CFO that this is the best alternative.

It is often thought that when considering a best alternative, the CFO will simply look for the lowest cost. This is rarely the case, as most executives will have tried this previously in their career and been stung as a result.

However, from what we've seen with the leading retailers we work with, it takes a lot more than price point to prove the competitive value of any project. The CFO will also ask:

- Have clear objectives been set?
- Is the project appropriately scoped?
- Has the team assessed alternatives, and why have they chosen this one?
- Are all appropriate business stakeholders onboard?
- What are the main risks of the project and the mitigating actions?
- Who is going to be accountable for results?

Providing answers to these questions instills confidence that the right approach has been taken and the solution being put forward is the one all stakeholders believe is most valuable.

Resources to help

Like many companies you likely have your own template for a business case but if the approach above was helpful you can find our resources at quorso.com/resource-center/.

It is worth noting that there is no perfect answer here. However, to instill confidence in your CFO, your approach needs to demonstrate that your Agile Store Operations project can not only be successfully delivered but will also go down well with their board and investors. This combination should be the focus for your business case.



If you're interested in discussing any of the ideas in this report, then feel free to get in touch with me – I'm the writer so would love any input or feedback.

This report is the third in our Agile Stores series. Our first outlined the case for going agile, our second highlighted the results and success stories, and this third details how to achieve it for yourself.

We're constantly sharing insights and thinking – follow us on LinkedIn and Twitter, or sign up to our newsletter at quorso.com to make sure you don't miss any.

Or if your curiosity has already made you want to find out more, then get in touch to see a quick demo of how Quorso works.

Phil Thorne

phil.thorne@quorso.com
646 643 1257

