

## Understanding retail performance — every day

### De Bijenkorf Snapshot

**Industry:** Retail

**Mission:** To maintain and extend the profitability, popularity and cutting-edge reputation of the Netherlands' leading department store chain

**Users:** 350 across multiple sites

**Benefits achieved:** Near-instantaneous ability of managers to monitor individual or collective store performance and analyze sales performance in various ways.

- Maximization of return on retail space
- Tighter management of working capital
- Better stock decisions, ensuring the most saleable, cutting edge items dominate its stores
- Provision of consistent management data across all sites and teams
- Potential to integrate more automated Balanced Scorecard tools that support new levels of interrogation and context

Top Dutch department store De Bijenkorf worked with Pilot® Software to help align retail strategy with execution. Managers across the business now make more informed decisions through easy access to near real-time data on key retail performance indicators.

De Bijenkorf is Holland's leading department store chain. The company recognizes the value of tight cashflow management and benefits from a sharp eye on maximizing the return it achieves on its valuable retail space, some of which is the Netherlands' most prestigious. De Bijenkorf ("The Beehive") is without dispute the most famous chain of department stores in the Netherlands, standing equal with New York's Bloomingdales or London's Selfridges. Its stores in all major Dutch cities are renowned for exotic window displays and a cutting-edge range of clothing, cosmetics, accessories and entertainment devices.

### Managing the sharpest of stock lines

Pushing an inspiring, trendsetting formula, 12 department stores see around 32 million visitors per year and the company has more than 400,000 loyalty card holders. Well over 300,000 SKUs – specific product items – are managed, supported by a central warehouse, a headquarters office and a mix of large, medium, specialist fashion and compact styles of store.

The company uses Pilot's performance management solution to improve decision making across its management team in a system now embracing over 350 users. PilotWorks® has enabled teams to get a better grip of how stock is flowing out of stores, to maximize revenues from the valuable retail space it holds.

De Bijenkorf's trend-setting formula is reliant on a mixture of stock types. As well as its own stock, the company hosts two other forms – 'concessions' are shops-within-shops, run by a specific supplier, and 'consignment' stock is handled by De Bijenkorf staff but owned by a third party supplier. Managing all three is critical to achieving the brand's unique feel, which helps ensure customers return frequently. For those working behind the scenes, all three must be integrated into one warehousing, distribution and sales system, with up-to-the-minute performance analysis to enable rapid decision-making.

The company has migrated over time from a mainframe infrastructure and separate systems for activities like buying and distribution. Today, the company has a technology philosophy based on a mix of 'make and buy'. The approach has been to focus on creating stable, well-executed De Bijenkorf-specific retail functionalities using industry standard building blocks and then buy in selected software applications to add onto that base.

### Adapting to changing management priorities

The chain is part of Maxeda, a group of international retail brands, based in the Netherlands. Current key issues in the group are stock reduction and price optimization. Both relate to working capital and are to be achieved via a demand-driven supply chain.

"Managing our working capital well provides enormous financial benefits for the company and we've refined our Management Information Systems (MIS) to help control this area," explains Nico Wartenbergh, IT manager at De Bijenkorf.

Four MIS components have been developed – but by far the most widely used is a PilotWorks-based performance management system, branded internally as 'Lightship', which is built on Pilot Software's performance management platform. This focuses on giving a full view of the business

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to managers across the company. The Pilot system aims to monitor broad, strategic, operational performance.

“Our kind of retailing follows distinctive patterns and overall volumes of certain kinds of items can be remarkably consistent year-on-year,” Wartenbergh explains. “People will always buy a certain number of shirts, for example, in our store. The question is whether we’re doing things like optimizing the range of shirts, and managing pricing, to maximize revenue and stock throughput.”

De Bijenkorf’s formula depends on combining top locations with a large range of in-demand, of the moment brand items. It aims to stock prestige and emerging brands, so stores become the preferred destination for the best customers. This goes in hand with treating customers well, because this encourages them to buy more.

Management has been closely involved in an ongoing programme to enhance the formula, adding new brands and refining the assortment of stock. Wartenbergh puts it bluntly: “We must make sure we are selling things people want to buy. It is the first rule of good retailing.”

The Pilot application provides users with a consistent look and feel so that, without significant training, they can get to the numbers that matter. De Bijenkorf wanted a system that was very results-focused for users. The main orientation is via a profit-and-loss overview screen which shows that day’s numbers – turnover in each store, updated every five minutes from the live Point-of-Sales data. The system is designed so that users can easily explore different time periods, examining context versus historical data and slicing performance with different kinds of focus.

Managers can explore what the company earned from each retail opportunity, for example, by examining net sales, cost of sales and more, but all with a consistent look and usability. “Within PilotWorks everyone can see all the key performance indicators – otherwise they’d have to dip into a P&L application, a stock level tool and the point-of-sale system to check payment types,” explains Wartenbergh.

### **Harnessing the potential of Key Performance Indicators**

The company has implemented a Balanced Scorecard methodology to assess, identify and monitor a range of key performance indicators (KPIs). Scorecards are produced monthly in conjunction with the company’s Controlling department and distributed in hard copy form. To date the process has involved considerable manual work to import, manipulate and export reports using Microsoft Excel and other tools. The team plans eventually to speed up their creation and improve ease of interrogation by integrating scorecarding into the next implementation of the Pilot system. Pilot’s latest product, PilotWorks 2006 provides extensive tools to make scorecarding easier to implement, drawing in data automatically to populate scorecards and allowing contextual information to be included to help managers make better sense of the KPIs that they are monitoring.

Scorecard reports have been well received and have created a shared basis for planning. Wartenbergh explains, “Our scorecards have been a great way to get everyone talking from the same base material. It eliminates the problem where different people are making decisions using different sets of figures, all of which seem to have a legitimate base.”

The benefits of the system for De Bijenkorf have been outstanding. A very large number of management personnel can get the very latest performance data on the business and adapt retailing activities in store in response. New approaches can easily be tested and measured. A recent example was the ability to measure the benefits of a new price modelling system, Oracle Price. “Some used to think you couldn’t steer the performance of stores using instant data but many of our retail teams are proving them wrong. Tremendous things are possible when you can align strategy closely with execution on the retail floor.”

### **More Information**

For more information about De Bijenkorf, visit [www.bijenkorf.com/](http://www.bijenkorf.com/)

For more information about Pilot Software’s solutions, visit [www.pilotsoftware.com](http://www.pilotsoftware.com) or contact us at [info@pilotsoftware.com](mailto:info@pilotsoftware.com)

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