

Merchandising at the heart of retail

With almost 500 branches nationally, The British Heart Foundation ranks as a significant retail player – and managing its mix of ever-changing merchandise is as challenging as for more conventional multiple retail chains.

Think 'charity shops' and the image tends to be one of discarded clothing, bric-a-brac and an enthusiastic workforce. It's an image which a visit to any British Heart Foundation (BHF) will rapidly dispel.

Donated goods there may be, but there is also a wide assortment of new giftware, fashion accessories, Christmas cards and toys which form a growing part of the product mix and ensure a loyal and supportive customer base. There are also specialist stores; some selling only music and books, others concentrating on electrical goods and furniture as well as larger 'New Concept' outlets with a wider assortment of new merchandise and stylish, modern presentation.

"We may be a charity retailer but that does not mean we are stuck in the past," says BHF financial controller, Steve Biddle. "We have exciting expansion plans for a variety of new formats and see the retail division as a very important aspect of our fund-raising work."

The 500 BHF stores around the country together contribute nearly £10 million in profit to the Foundation each year, helping to fight heart disease – still the UK's biggest killer.

Every penny counts

Running this large retailer estate is as challenging as for any high street chain: merchandise assortments need to be selected and controlled, sales and promotional activity optimised, and popular lines identified and re-stocked. Efficient retail management systems are essential and – perhaps even more so given BHF's charitable status – any investment in IT must have a clear benefit and quantifiable impact on performance. Every penny spent on improving the shops comes from funds donated to help the charity's work, so there has to be rapid payback and measurable improvements in performance. Like many retailers the BHF has invested in comprehensive retail management systems over the years including the Retailkey merchandise suite from AIM. This system was reaching the end of its life with a major rewrite in the pipeline.

"We realised that it was essential to implement a new system that could take the business forward and ensure that we had the right merchandise available in our stores to meet changing demand," says Steve Biddle. "As a charity we had to do that as cost effectively as possible to provide a rapid return on our investment and generate real quantifiable benefits."

With a small IT team and a heavy workload maintaining business performance, Biddle looked for outside assistance to find the right solution. He called in The Retail Automation Consultancy which specialises in managing tender processes on behalf of mid-size retail businesses.

"We looked at the Foundation's merchandising operations and the sort of applications that would be most cost effective," says TRAC managing director Chris Hughes. "With Retailkey moving to a new platform, a replacement was vital but there also needed to be a future development path as BHF has an ongoing programme for improving its store systems as well as integration and expansion of its information database. The plan was for a phased programme to spread investment and ensure good return on investment at every stage."

Solution Summary



Customer Profile

- Charity retailer with almost 500 branches nationally
- Shops sell donated goods, new giftware, fashion accessories, Christmas cards and toys

Challenge

- Improve merchandising, sales and operational efficiency

Solution

- Integrate merchandise planning, purchase ordering, warehouse and distribution management, reporting and analytics system using Midas

Benefits

- Quicker replenishment times for stores
- Improved ranging and access to on screen assortment plans
- Enhanced insight into lines' sales performance
- Rapid return on investment

Replacing central merchandise systems is never easy but when the new replacement has to integrate and run with a variety of other suites during a potentially protracted transition period, it can be a very fraught process. Hughes identified around 12 possible vendors: eight were issued with invitations to tender. From the resulting submissions a short list of three were identified.

Coping with integration

“A key factor in the decision was the need to cope with the complex integration issues between the various applications,” says Hughes. “We also wanted to select a system that would provide maximum flexibility for changing business needs – especially as BHF plans to develop new formats and product assortments.”

Also of importance were the project timescales. Although Steve Biddle and his IT team planned the replacement programme well in advance, it was essential to complete implementation to fit in with BHF’s buying cycle of new merchandise for the important Christmas selling season. The selection process was completed and a 12 week window for implementation was scheduled, ahead of the Christmas planning period.

“Sanderson demonstrated the willingness and capability to write the necessary interfaces within the timescales,” says Hughes “and that was essential.”

Contracts were exchanged on time and the system went live as planned. “The timetable was pretty challenging,” recalls Steve Biddle, “but we hit virtually all our deadlines with few problems – it was a great credit to the Sanderson team.”

Looking to the future

At the heart of the news system is the Midas Retail Management Suite - a modular application that can be tailored to meet the specific needs of each user. The modules chosen by BHF handle merchandise planning, purchase ordering, warehouse and distribution management, reporting and analytics. Sanderson also wrote specific interfaces linking Midas to the existing database, EPoS and branch management applications.

With this first phase of the project successfully completed, Sanderson was also contracted for the second phase of the project, developing additional bespoke reporting and key performance indicator monitoring applications to meet the charity’s specific needs, as well as price point analysis and stock assortment management.

“We were really impressed that the project went so smoothly,” says Steve Biddle. “It was on time and to budget and every meeting we had with Sanderson was very amicable and productive. As well as the latest retail management system, we have also reduced our system maintenance costs so we’re achieving that vital return on investment very rapidly.”

Among specific benefits are improvements in communications with the third party service provider handling BHF’s warehouse: picking lists are now sent electronically so speeding up replenishment times for stores and ensuring that new merchandise is available on the shelf when it is needed. BHF merchandisers, too, have better access to on screen assortment plans, which improves ranging, while reporting systems are giving even better insights into how the new various lines are selling.

“Over the next few years we aim to build our new merchandise business to around 10% of sales,” says Biddle, “so good merchandising systems are vital – with Midas in place we have a strong basis for this future expansion.”



Midas has improved replenishment times for BHF stores



Midas provides BHF merchandisers with better access to on screen assortment plans



British Heart Foundation is achieving a rapid return on its investment in Midas

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