

BI Radio

Episode 27 – The Retail Show

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Montage:

- People said it was impossible, but it's never been done does not mean that it can't be done. That's not a reason. That's just noise.
- So what retailers and CP companies are trying to do is to get ahead of that chain and understand how to connect with their customers.
- And there really are no quick fixes. So you need to kind of be on the ground and listening to what the business is doing and adjust accordingly.

(00:35)

Ken Seeley: Hi there, and welcome to BI Radio. I'm Ken Seeley. On the show today, a special focus on retail, and a special guest from the world of Sports Illustrated. We went shopping for insights into consumer trends and retailers' responses and came back with some surprises. Kelly Allen talks to IBM executive Patricia Waldron about retail responses to smarter consumers, and putting every department on the same performance path. Kelsey Howarth talks to Jim Mulholland about integrating ERP data at arts and crafts giant Creativity Inc. But first up, Chief Technology Officer Don Campbell talks to swimsuit model turned billion-dollar businesswoman Kathy Ireland about the business benefits of Twitter.

(01:22)

Don Campbell: Hi, I'm Don Campbell and with me today is a very special guest. From her offices in West Hollywood, California, I'm joined by Kathy Ireland. Now, you may know her from her various magazine covers, from Sports Illustrated swimsuit edition and from Vogue, or you might know her from Dancing with the Stars, she was on this season's episodes there, or from various other movies or TV appearances. What you might not know about her is she's a very successful entrepreneur and the CEO of a \$1.4 billion home furnishing design empire. A very successful person, a very busy person and I'm proud to call her my friend. Thank you for joining us, Kathy.

Kathy Ireland: Oh, Don, thank you. It is a joy and a privilege to be here with you today. Thank you.

Don Campbell: Well, certainly the pleasure is all mine. You've been so busy lately and we've been following you on Dancing with the Stars and all these other various things that you're into right now. How do you make it all work? The schedule must be crazy.

Kathy Ireland: Oh, well, I think everyone's schedule is crazy, everybody I speak with. And it's really just a daily challenge to balance the schedule, to honour the priorities and just keep it going. And when I don't, it's a mess, it's a disaster. Some days are better than others. I work with a great team though and I really believe when you treat the people you work with the way you'd want your family members to be treated, there's no limit that you can accomplish together, there's no limit to what you can do. And most of us have been together over 20 years. It's really great. We've got some... we don't agree on everything, and that's good. I love good healthy debate but when it comes to really those core values – integrity, how people are treated – we're on the same page.

Don Campbell: Excellent. So tell us a little bit about your business. A lot of people don't realize that your business is so big and so successful. How did it get started?

Kathy Ireland: We started our brand in '93 with a pair of socks and back in the last century, I did some modelling, and I always knew I belonged on the other side of the camera. I tried and failed at so many businesses before beginning our brand. And while other people were maybe spending their money on art or cars or clothes, I was spending my money on people, investing in a team. I know my strengths and I'm painfully aware of my weaknesses, and I was investing in an art director, creative director, an expert in marketing, and production and just putting this team of people together. And socks seemed like a really great place to start. It wasn't obvious and I liked that. People said it was impossible, you can't start a brand with a pair of socks. It's never been done. But it's never been done does not mean that it can't be done. That's not a reason, that's just noise. And I know in life you've got to turn down that noise of negativity in order to move forward with the plans for your dreams. And we celebrated when we sold our 100 millionth pair of socks, and I'm just so grateful to, particularly the women out there who embrace our brand, and they've turned down the noise of stereotyping and she keeps me accountable. She's tough and I love that. She communicates with me loud and clear what she wants, what she doesn't want, and that's my boss. And the key to our success has been listening to her and implementing what she tells me to do.

Don Campbell: So your brand and your company seems different to me, and I know that you don't necessarily sell into the places that you could make the most money. That's not the most important thing for you. So what do you use as your metrics for the business? Where is your business growing and where can you see it being in the future?

Kathy Ireland: We're a baby brand. We've got such a long way to go, but we're building it carefully and strategically. We've worked really hard to earn the trust of our customer. We've got to work even harder to maintain that trust. We're a design and marketing firm and today we design and market over 15,000 products, sold in 28 countries, or 29. We've got a new one today.

Don Campbell: Wow!

Kathy Ireland: It's a great joy. When I was a kid I changed my mind many times what I wanted to be when I grew up. One thing that stayed consistent, I knew I wanted to be a mom. And so to be able to be of service it's really a great joy. When I became a mom for the first time, I learned very quickly how underserved she is, that woman is. And you talked about retail, and where we are. That's important. I hear from our customer. If she has a bad retail experience, I hear about it loud and clear. And that's why I'm very involved in all areas of our business, including retail. We research who would be a good fit, who would be a good retail partner, and then we ask for the opportunity to audition our products with them, for some floor space because it's very valuable and it's tough in today's economy too. We appreciate every inch of floor space that we get.

Don Campbell: So I want to talk about how you reach out to some of your customers, and your potential customers, and I see you very active on the social networking sites, like Twitter. How has that sort of changed the way that you can touch an average consumer that you might not be able to do that in sort of a one-way push mechanism through a commercial or something? How has Twitter changed it for you?

Kathy Ireland: Well, Twitter's amazing. I mean, I'm here with you, thank you to Twitter, so that's pretty incredible. And having an opportunity to engage with people from all over the world and learn from them, as far as business is concerned, I love the fact that people are so honest and direct and they let me know when they like something and when they don't like something. That's very useful for business.

Don Campbell: So how do you communicate with people at 140 characters at a time and make sure that you get your point across, and you're not misinterpreted?

Kathy Ireland: Well, you've got to be able to communicate your message in a way that will work with everyone.

Don Campbell: So would you suggest that something like Twitter is a good tool to use for small businesses that want to reach out to customers? Is it...

Kathy Ireland: Oh, I think Twitter is excellent for small businesses, for everybody really. But small businesses, oh, there's so much to learn. It connects you with the world and it's really limitless possibilities. And it's a wonderful opportunity to learn about others. And you've got to be interesting, you've also got to be interested and really want to know what other people are up to, what's going on with them. And it really makes life so interesting. I love that.

Don Campbell: So what's next for Kathy Ireland? What do you have on the go right now?

Kathy Ireland: Well, we are getting ready to do a lot of filming for our business, a lot of commercials and video greetings. I've got a book coming out next week and it's number

six: Real Solutions for Busy Moms: 52 God-Inspired Messages From My Heart. And this follows the most recent book, Real Solutions for Busy Moms: Your Guide to Success and Sanity.

Don Campbell: Kathy, we really appreciate the time that you spent with us today and sharing some of your insights.

Kathy Ireland: Oh, thank you, Don.

Don Campbell: And telling us a little bit about what you use technology for and how and about your business. We really appreciate it. So all the best and we'll be looking for you on our TV sets in the future.

Kathy Ireland: Oh, well, Don, thank you.

Don Campbell: You can find out more about Kathy Ireland and her company at kathyireland.com.

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Station ID: Interviews, insights and opinions on performance management. You're listening to BI Radio.

(10:28)

Kelsey Howarth: Hi, I'm Kelsey Howarth. Today you're going to listen in as I speak with Jim Mulholland, Vice President of IT at Creativity Inc., a leading designer, marketer and distributor of arts and crafts products. Here he shares how the company united data in three disparate systems, all with different definitions, to create a performance management platform for the entire organization. Learn how sales, finance, operations, supply chain professionals and more are using the system to improve turn rates and take the drudgery out of the monthly close. And learn some of their best tips for a successful implementation.

(11:20)

Kelsey Howarth: Could you tell us a little bit about Creativity Inc.?

Jim Mulholland: Sure, Creativity is a leading designer, marketer and distributor of basic crafting, beading and scrapbooking products. We sell proprietary designs and brands, as well as commodity products. And our clients are primarily national craft chains, mass merchandisers and independent craft retailers. And we are one of the top-five suppliers to the craft market.

Kelsey Howarth: And what were some of the central issues or pains that your organization faced before IBM Cognos software?

Jim Mulholland: There certainly were several. We were generating reports from three separate ERP systems and accounting packages, and as the reports were being produced from these operational systems, they were limited to standard formats, mostly actually hard copy and sometimes, in some cases, green-bar type reports. But in any event, we needed to kind of remove the veil on the data so we could arrange it the way we wanted, and really reported only those metrics that really matter.

And the other key issue, I guess, was also standardization as far as definitions and one system had gross margin defined a certain way and a second system had it defined that way and even a third system had maybe a different slant on it. So the whole idea of standardizing one version of the truth was one of the key goals, and initially it was an issue and a key goal to solve by moving to IBM Cognos.

Kelsey Howarth: And what was your strategy for finding a solution? Did you look at other vendors, and why did you select Cognos?

Jim Mulholland: Yes, actually, we did look at other vendors. I had experience with various reporting tools over the years and I selected the three that I thought were the most appropriate for our organization. And so what I did was we had a proof of concept established with them where we provided a limited amount of our data in our system to them and asked them to show how they would build a solution that would allow us to meet and surpass the objectives that we had presented in front of them. And this was all done within a very quick turnaround time, say three weeks or a month timeframe.

And everybody came back with their solutions and it was quite clear once those solutions came back that IBM Cognos was really the one that was the best prepared to solve our problems. They really showed an end-to-end solution from the ETL layer to the reporting layer to the analysis, to even just a framework modelling design. They really had a great solution from beginning to end and really showed that they could make our data work for us and provide information we needed to solve all our problems. So once these solutions came back it was pretty clear that the direction for us was, the best direction for us was IBM Cognos.

Kelsey Howarth: You've mentioned a few key departments that are real power users of Cognos. Is it used across the organization?

Jim Mulholland: It actually is. I mean, there's hardly a department that won't use it. I mean, I guess human resources may come to mind. They're probably the lightest user of it, but for the most part sales, finance, operations, supply chain, inventory management,

just you name it, they're very much involved in using the system. We started with sales, which is a common way to go. And it seems to be the lowest hanging fruit for most organizations. They know what they want there. And then we moved on to other areas and rolled out various analyses and dashboards for them. But as it stands now it's highly penetrated throughout the whole organization.

Kelsey Howarth: And what was the outcome in terms of new efficiencies gained, cost savings, or better information?

Jim Mulholland: Well, for example, in operations improved turn rates; the way they actually turn orders out in a day, and basically the whole order fulfilment process, and I guess another area where we gained efficiency was the finance team. It performs a close, a financial close every month, and of course at the end of the year. And that close used to take anywhere from 14 to 21 days and usually it's closer to 21 days into the next month to finish. Well, now it takes them about five or six days, tops. It's been fascinating how that's really kind of taken the drudgery out of the month and close away and really allow them to get on to more operationally significant things within their department.

Kelsey Howarth: Any lessons learned along the way?

Jim Mulholland: Oh yes, there were a few. Business intelligence implementation is really a journey and it's not a destination, so there's really no end. You kind of evolve with the business and there are really no quick fixes, so you need to kind of be on the ground and listening to what the business is doing and adjust accordingly. So that was an important aspect. Projects must have the support of the executive team. Otherwise, they'll basically die on the vine. Without the backing of the highest levels you can get, and for us it was pretty much the CFO was behind us over all the years we've done it. Nothing, I would say is... you should certainly avoid what I call the big bang approach. You know, divide projects into manageable chunks and focus on areas that are most critical to your company's survival and ability to thrive.

Kelsey Howarth: Any other tips that you'd give your peers on how to have a successful implementation?

Jim Mulholland: Yes, I would say start small and focused and then grow. So most deliverables will be... For me, I think a 60-day mark is kind of a good benchmark and that if anything takes much more than that, and especially you're into six months, nine months for anything to change, I think then people grow disinterested and there's going to be lack of momentum. So I think having those targeted deliverables, keep the smaller things more often I think is important versus the big bang approach. I also would say that utilize expert partners to accelerate the project, I think, and also build internal competency. For most companies I think you're going to need to maybe get some help from people who have done this before to really make sure you make the right early decisions and accelerate the project and really deliver things quickly and efficiently.

Kelsey Howarth: So what has been the user feedback?

Jim Mulholland: Initially I think we had a lot of people who were sceptical because they had other kind of experiences elsewhere. So when we started doing it, it actually got to the point where they kind of expected it and, all of a sudden, 30 days was well, obviously we had to get in quicker than that to deliver things even faster. So the business, for better or for worse, changes every day and we need to kind of be aware of that and adjust our thinking and what we deliver to make sure that we're on top of our game. And so in the end it was like, okay, well, if we said something was going to take a week, they said, well, how about two days? So we got kind of caught in our own speed there. And that's fine, we actually had them believing what we could do and for us you want a happy customer. Our internal customer was certainly happy.

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Kelsey Howarth: For more information on IBM Cognos solutions for consumer products, companies, please visit [ibm.com/cognos/consumer products](http://ibm.com/cognos/consumer_products).

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(19:35)

Station ID: Insights on performance management from the people who shape the industry.

(19:45)

Ken Seeley: Next up we're joined by Kelly Allen and Patricia Waldron. Patricia Waldron is the world-wide executive responsible for IBM's business analytic solution for retailers. Here she and Kelly discuss the key pain points retailers are experiencing and the level of maturity of their performance management systems. Listen to find out how retailers are harnessing new intelligence and analytics to help them understand data, detect trends and garner real customer insight to make better decisions.

(20:20)

Kelly Allen: Thank you for joining us, Patricia.

Patricia Waldron: My pleasure.

Kelly Allen: Let's start by looking at the year ahead. What are some of the key pain points for retailers in 2010?

Patricia Waldron: I think what's happening is as we come out of an economic downturn retailers and CP companies are really trying to position themselves to take advantage of consumers' renewed interest in spending, especially in retail discretionary spend. So it's really about meeting the demands of the smarter consumer. What we really find is that consumers now are more instrumented, interconnected and intelligent customers, and technology is changing the way that consumers interact, obtain information and purchase goods and services. So what retailers and CP companies are trying to do is to get ahead of that chain and understand how to connect with their customers, how to leverage all the data that they have in their organization to make sure that they understand customer buying patterns, preferences, the way products sell with one another so that they can deliver the right services and products to the consumer because there's lots of choices for consumers on where and how they buy and retailers are interested in maximizing the consumers' visits to their shops or websites or however channel they reach their customer.

Kelly Allen: Okay, how are analytics helping them?

Patricia Waldron: Everybody has a tonne of data and the key is to understand that data, to detect patterns in it, to get it to the right people as quickly as possible to make decisions. And a couple of different types of things that people are doing is, one, is that they're wanting to look at their organization a little bit differently, through the lens of a customer. And what analytics allows you to do is to get to know your customers at a deep and meaningful level, how to build offerings and target your communications based on real consumer insight. And people do that with customer analytics and market basket analysis. So people are just using analytics to understand how business is doing, why things are performing as expected, whether they're performing better or worse, and then having the ability to take corrective action as quickly as possible.

Kelly Allen: I wonder if you could talk about what level of maturity retailers are at in terms of using analytics, using planning and performance management.

Patricia Waldron: Everybody has some ways of managing their business, of understanding performance, of doing plans and so forth. As people move up the maturity curve they go from more manual processes where perhaps they've got information in lots of different places that have to be compiled by a person into an Excel worksheet so that people can understand, so management can understand performance. This is usually a process that's not always accurate and takes a lot of effort. And so as they move up the curve they automate some of these processes. The next area where we see people taking advantage of technology is instead of just having information they'll do things like have alerts. They'll have exceptions. Instead of looking through lots of different drilling information, they'll be serviced with the things that are above or below their benchmark. Or maybe notified when there's an action to take. So we see that as the next step. And then the last step is pervasive analytics where it's built into every process and people are,

based on their role, empowered to do whatever it takes to make their particular part of the organization successful, and ensure that it's collaborative so that it is in line with the company's overall sets of goals. And I think if you talk about maybe a stage one to five, most retailers are probably in the two and three area, where they've got some automation, but maybe they aren't taking advantage of some of the newer technologies that we discussed earlier around taking advantage of social networking, predicting and understanding customer behaviour and some of the advanced planning capabilities where you model scenarios and start with a better plan.

Kelly Allen: So as a consumer, how would my shopping experience be enhanced by a company employing analytics?

Patricia Waldron: A couple of different ways. One of the things that I think is the kind of the first step for retailers to do a better job of connecting with customers and taking advantage of analytics to do it is they would be able to offer you more targeted promotions. So if you're a single person with a dog, you won't be getting cat food coupons any more, right? So I think what they would be able to do is, and smart retailers are doing this right now, they understand a little bit more about their customers and using predictive capabilities, they can offer you more targeted promotions, better information so you have a better shopping experience in the stores, and you're going to get more meaningful merchandise based on what your profile is. Some of the other things that people are being able to do is the whole idea of mobile shopping. In most cases, people are using technologies to browse the web, or do research prior to purchase. So by being able to connect your behaviour across channels, chains can do a much better job of giving you a good shopping experience, giving you the information you need and actually managing merchandise. A lot of people are using analytics and technologies to do click and pick, which you could order something on line and pick it up at the store. Or in reverse, if the store didn't have particular merchandise that you want, you'd be able to order it and have it delivered to your home. So using analytics I think has really helped not only the retailers understand customer behaviour, but it helps customers have a better shopping experience.

Kelly Allen: Why would a retailer choose IBM for analytics and performance management?

Patricia Waldron: The reason why people choose IBM technology and over 600 chains around the world have chosen our technologies to help them, is that it's very key for retailers to be able to start their journey on performance management wherever they'd like. And we talked earlier about the maturity of analytics. I think the key thing is that IBM can help people at every step of the way, whether it's hunting your data, whether it's analyzing data, whether it's doing plans, whether it's doing something much more complex, like understanding store clusters and customer preferences and those types of things. We've got tools, we've got blueprints, we've got accelerators, we've got proven practices around all of these areas and we can help retailers along any step of the journey, wherever they are, in whatever way makes sense for them based on their business goals.

Kelly Allen: All right, well, thank you very much, Patricia.

Patricia Waldron: Okay, take care. Bye, bye.

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Ken Seeley: Well, that's a wrap. I'd like to thank our guests today. From kathyireland.com, Kathy Ireland; from Creativity Inc, Jim Mulholland; and from IBM, Patricia Waldron. Thanks as well to our segment producers Don Campbell, Kelsey Howarth and Kelly Allen. And finally, thanks to our head producer, composer, and audio engineer, Derek Schraner. Visit us at radiocognos.com, or follow us on Twitter at twitter.com/ibmcognos, and use the hash tag BI Radio. We're also on Facebook at facebook.com/ibmcognossoftware. Thanks for listening. I'm Ken Seeley and we'll see you in about six weeks.

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