

RETAIL: THE CO-OPERATIVE – RETAIL LOSS PREVENTION



“MICROSTRATEGY IS A VERY FLEXIBLE, EFFECTIVE AND POWERFUL BI TOOL WHICH RESPONDS TO THE NEEDS OF THE BUSINESS, AND GIVES US A SINGLE SOLUTION THAT CAN BE USED BY MANAGEMENT RIGHT ACROSS THE ORGANISATION.” RICHARD QUINN HEAD OF LOSS PREVENTION, RETAIL, THE CO-OPERATIVE.

Freedom to choose

Loss Prevention is an issue for any retailer, especially a multiple store group where margins on many products are very low. With over 3,000 stores across the UK, many of which are in secondary locations, such as small villages and shopping parades the Co-operative is keen to ensure that loss is minimised and that issues in this diverse retail trading estate are easily visible.

Richard Quinn describes why the Co-operative decided to implement a MicroStrategy solution to improve loss prevention. “The idea of using a Business Intelligence platform to assist in loss prevention would be seen to be commonplace in the retail market in the UK today. However the Co-operative had a requirement to reduce its business losses and provide the flexibility required for a large field-based team, and support a major retail business.

In order to deliver this flexibility, we wanted to be able to develop our own approach using our existing trading data,” he continues.

“So we could analyse this and see exceptions and trends that would allow us to head off problems, thus making an effective transition for Loss Prevention to become a core activity within our business, rather than being reactive by nature.”

Easily deployed – easy to use

MicroStrategy was selected as the BI platform for a number of reasons, with ease of deployment and usability featuring high on the list. A key requirement of the implementation was a need to put the information into the hands of local management and make sure it is timely and relevant.

MicroStrategy impressed the Co-operative with its ability to give users both self-service and standard reports from a browser, so they could see results on dashboards and instantly spot exceptions through an innovative GUI, focused on issues affecting the individual users’ stores.

The co-operative

STATS

DATABASE: TERADATA, DATA VOLUME >2TB,
USERS 150; 4 OF WHICH ARE CENTRAL MANAGEMENT TEA,
72 POWER USERS. DISTRIBUTION: INTRANET

APPLICATIONS

LOSS PREVENTION, STRATEGY DEVELOPMENT, TRAINING
NEEDS EVALUATION, PROCESS DEPLOYMENT MONITORING

Another important factor was scalability, because MicroStrategy is seen as having the potential to become a core tool for many applications across the business, as was the fact that the Co-operative could build its own skillsets in house, and encourage the development of power-users.

“What we didn’t want was an ‘off-the-shelf’ data mining application, which simply generated standard reports” Richard comments. “MicroStrategy gives us a very powerful and customisable Business Intelligence solution.”

Sharing information

For Business Intelligence to be of real benefit in an organisation it’s important that the people who are able to make operational changes on the ground are its primary users. To achieve this, it was decided at an early stage that regional and middle management should not only be able to access and use the MicroStrategy information, but that they should also be able to have personal dashboards.

Within 24 hours Loss Prevention managers see the latest personalised information, and check on stores, specific items, and categories of goods. They can also track losses, wastage and stock voids, and begin to understand the reasons why these have occurred.

Richard Quinn believes this functionality has given the Loss Prevention Team much faster and better decision-making capabilities. “The dashboards will throw up exceptions, colour coded by severity, and in a few minutes the managers can see how their stores are performing,

spot exceptions and drill right down to specific transaction values to see what’s going on.

“It means that whenever a decision is made and an action taken, it is based on hard facts and accurate information,” he continues. “This gives us a much keener insight into the business, and a much quicker time to react and reduce losses.”

The value of Business Intelligence

The recent acquisition of Somerfield has given the BI system the opportunity to underline its value, as Richard explains. “Whenever we roll out a new business process, we monitor its effectiveness on the way the store is doing business. Often we can see immediate benefit, but we can also identify where it isn’t coming through, and use the information to work out the best way to deal with the situation.

“Sometimes this will be through better coaching,” he continues. “Others could be down to local practices having evolved from the standard as people decide they need to adapt more to local conditions. The critical point is that we can see the effect of any change, across our entire estate and decide the best course of action.”

Although in any large organisation the key to effective process management is to share best practice across the organisation, Richard is also keen to point out that while many processes have to be identical, one size doesn’t always fit all, and the most effective management approach can be to allow change.

“It’s human nature to try and do things differently, and while we can point to improvements in loss prevention as a key outcome of better business intelligence, we can also spot where locally-developed processes lead to an improvement in store profitability.

Future developments

A further project getting under way this year using MicroStrategy that will add significant value, is monitoring supply chain inventory systems to identify opportunities to improve and streamline processes, with a keen eye on reducing carbon footprints.

“When we implemented MicroStrategy we did so because it gave us the headroom to develop its use and evolve our business practices based on actual intelligence rather than just our instincts,” comments Richard. “We ran our first trial in 2008 with the Loss Prevention project going live in early 2009, and we are now using it to reduce the risks to the business of introducing new processes because we can see almost immediately the effect this has on the business. Our data mining solution is evolving with our business, ensuring that we meet the requirements of tomorrow as well as today.”

“What we have in the MicroStrategy platform is a very flexible, effective and powerful BI tool which responds to the needs of the business, and gives us a single solution that can be used by management right across the organisation. It will help us continually drive process improvement and a positive culture towards gaining the commitment of our colleagues to reduce business loss.”