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How To Take Control Of Merchandising And Prepare Your Retail Business For the Q4 Holiday Season (Or Any Major Promotional Period)

When is the best time to kick off your planning and execution for a new promotional period? It depends on your company's internal processes and the industry within which you operate. But it's critical when you take over a troubled business and discover that plans that should have begun months earlier are still in the first stages, or haven't been started at all. These conditions demand bold action.

If you find yourself in a similar situation, don't despair. The plan below is based on my experiences in these situations, and it can help you seize the opportunity, form a *Q4 Task Force*, and work with the entire team to optimize the business and profits in the short time that you have on hand.

The timeline below is a model to help you better understand the game plan. You will need to develop your own timeline for your particular situation.

Week 1, Day 1

Merchant Team Meeting

Preparation: Before this meeting, determine and assign sales, margin and inventory goals to all the merchants for Q4 or the promotional period being prepared.

Review the game plan below with the entire merchant team and Finance. Provide them with two templates to complete over the coming 30 days. Thirty days is an assumption of time for this example; your timeline depends on your assessment of the situation.

Template #1 – Q4 Spreadsheet

If the company does not have one now, then you should provide each merchant a spreadsheet template that requires them to fill in and report, at SKU or item level for all their product lines, (a) the forecasted sales (in

dollars and units), (b) forecasted margin, (c) forecasted inventory purchases, and (d) post-Q4 final inventory levels of their plan to achieve their individual Q4 financial objectives.

The template will already have last year's Q4 SKU performance for reference and comparison purposes. Finance can fill this data in beforehand for last year or, for expediency, have the merchant pull the history from the merchandising database and populate last year's part of the spreadsheet.

The detailed spreadsheet for last year and the new proposed plan for this year rolls up to each individual merchant's overall Q4 financial objectives—on a month-by-month basis for Q4—and will later be a featured document in the Q4 Line Review Meetings, discussed below. It will also be used as the basis for approving each merchant's Q4 plan and open-to-buy budget. Post-Q4, actual results will be compared to the merchant's Q4 plan (spreadsheet), and where differences exist, will be diagnosed with findings and corrective actions taken noted.

If your company incentivizes your merchants based on their performance (I highly recommend doing so), tie their compensation to their actual performance for Q4 against their original Q4 plan.

Template #2 – Q4 Line Review Meeting Template

Provide your merchants with a Q4 Line Review Meeting Template for them to complete. The purpose of this template is to require the merchant to report all information you are interested in reviewing during a Q4 Line Review Meeting. This will standardize the information format and presentation method by all the merchants, as opposed to each merchant coming into the line review meetings with different information and presentations.

Timeline

The merchants should complete your Q4 Spreadsheets and the Q4 Line Review Meeting Templates within 30 days from the Week 1, Day 1 meeting. I am being generous here with the timing, assuming that there hasn't been proper preparation at the merchant level. In short, you are asking them to document in two templates what they should have already been working on their own to prepare for Q4.

Remember, my example here assumes a troubled situation, and a team unprepared and behind in Q4 planning. So, for merchants on top of their

game, this may be an easy and quick exercise. It's a good way to see who on your merchant team are prepared and who are not.

End of Week 1

Q4 Task Force

To raise the energy level and accelerate the process, create a *Q4 Task Force*. The goal is to build a practical and effective plan to achieve Q4 sales and profit goals that increases productivity and minimizes risk

Participants should include: Executive Management, Head Merchant, Marketing, HR (including training), Store Ops, Communications, Visual Merchandising, Finance, Supply Chain, and supporting staff from these departments, as required.

Send out a formal announcement of the creation and first full team meeting of the *Q4 Task Force* to all proposed members on Tuesday of Week 2, recognizing that Monday is a day devoted to dealing with a review of the prior week's results.

Check in with the Head Merchant and Merchant Team on Friday of Week 1 to see how they are doing with the Q4 Spreadsheet and the Q4 Line Review Meeting Templates.

Week 2 and Beyond

Hold a weekly meeting of the complete *Q4 Task Force*, following the plan below. Components of the Q4 plan to be managed by the *Q4 Task Force* include:

- **Analyze the company's current financial plan goals** for Q4 sales, margin, inventory levels, and inventory metrics. Determine the activities required to meet these goals by functional group. This ensures that all levels of management know what they own and how they will be held accountable.
- **Align all departments:** Determine and validate how all functions of the business (Supply Chain, HR, Visual Merchandising, Finance, Marketing, and Store Ops for example) will drive and support Q4 activities.

- **Document, manage, and track the company's status and preparation for Q4.** Document all tasks across the company that need to be accomplished to prepare for Q4. Confirm ownership, accountability and track execution.
- **Schedule a Q4 Line Review for Week 5 and 6:** Let the entire *Q4 Task Force* know you will be holding line review meetings with each merchant to review, evaluate, and approve their proposed lineups, promotions, and projected financial results for Q4. Once the line reviews are complete and the merchandising plans are approved, share them with the rest of the team on the *Q4 Task Force*. Verify that plans are in place to support new growth activities, and that the projected availability of inventory can and will support your merchants' plans for Q4.

During the regular weekly meetings of the *Q4 Task Force*, be sure to:

- **Track progress.** As mentioned above, schedule the *Q4 Task Force* for weekly meetings to communicate status, review progress company-wide, pose questions, and consider corrective actions, if necessary.
- **Update the Merchant Team:** Check with the Merchandising Team to confirm they are on schedule for completion of the Q4 Spreadsheet and Q4 Line Review Meeting Template, and that individual merchant line reviews are scheduled for Weeks 5 and 6.
- **Call-out the Functional Leaders:** Verify that the rest of the *Q4 Task Force* team is building a robust project plan that identifies specific initiatives and tasks for all areas of the company, with assigned owners and monitoring of progress toward success.
- **Report Status to the Executive Team:** Create and share regular updates to the Executive Team to keep everyone abreast of progress, issues, concerns, and ways that they can help.
- **Publish a Company-wide Communication Plan:** Additionally, make sure there is a company-wide communications plan in place to keep the entire business team informed, up to date, and engaged regarding Q4 preparations. Remember, you want everyone energized, involved, and informed of your Q4 plans and how they can help.

Q4 Line Review Meetings

Conduct Q4 Line Review Meetings during Weeks 5 and 6. Instruct each merchant to come to the line review meetings with their Q4 spreadsheet and Q4 Line Review Template completed and ready for review.

Verify that:

- Merchandise complies with and expands upon the company's vision of how it can best meet the demands of the market and differentiate itself from the competition.
- Each merchant's assumptions and results are intelligent, anchored in reality, viable, and aligned with and contribute to the achievement of your company's financial and business objectives.

Send merchants back to the drawing board until they come up with plans that support and achieve the company's objectives. Plans that are not based on reality will do your business no good. In fact, encourage merchants to identify backup paths that they can take if sales don't perform as anticipated to drive revenue, liquidate inventory, and preserve margin.

Post-Holiday Review

Conduct a post-mortem of the company's holiday performance with the *Q4 Task Force*. This is a complete review of the Q4 plan, with the goal of identifying lessons learned and improvements in planning and execution that can be leveraged in future promotional periods.

Additional considerations:

Most companies already have a regular planning process in place for Q4 and the entire promotional calendar year that involves each merchant in the achievement of their financial goals. If your company does not, or you feel the planning process is inadequate, you can use this plan and the templates described as a good starting point to build an ongoing merchandising and financial planning process.

By creating detailed financial plans at the SKU level, you can identify gaps and errors and put into practice a true, functional, realistic and reconcilable plan. It also forces merchants to work through and be able to prove how they will achieve the merchandise and financial results desired.

I recommend you use this same plan every quarter of the year, rolling a year ahead or whenever appropriate for your industry. You will then have a detailed preparation with numbers at SKU level that your merchants' will take ownership of each quarter of the year. It also allows your financial team

and you to understand, diagnose, and fix variances between actual results and the company plan. Hopefully reducing or eliminating poor performance to goals in future periods.

I believe that some of the most important events each quarter are your product line reviews. As a CEO, I always sit in on these meetings. I know as a high-level manager that your plate is full and you may delegate this task to your leader of merchandising. But if you want to feel comfortable and confident in the soundness of your merchandising, marketing, sales, and supply chain plans, I recommend you find the time to immerse yourself in these reviews. Your product lines embody all you communicate to the customer in branding, appeal, differentiation, and satisfaction. It can make or break your company's marketing campaign, reputation, and subsequent success.

If your company needs new leadership or help preparing for an upcoming promotional period, I'd love to talk with you. Please send an email or call me directly —

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