

The Need for Retail Technology Roadmaps White Paper

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“We found evidence that good technology governance improves performance. This means having clear methods to prioritize potential IT projects, involving business leaders in IT, and tracking the progress and benefits of projects selected. Yet here again, many companies are struggling: most of the companies we surveyed rated themselves as being less than ‘somewhat effective’ in these areas”.

*Dr. McAfee, principal research scientist at MIT Center for Digital Business,
Dr. Brynjolfsson, Digital Business Center Director, Professor at MIT Sloan School of
Management.*

Wall Street Journal Monday April 25, 2011

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THE NEED FOR RETAIL TECHNOLOGY

ROADMAPS

First Things First – What Is a Retail Technology Roadmap

Most retailers indicate they have a retail technology plan that drives and funds their technology activities for the year. While most organizations typically perform annual planning sessions, they usually fall short in building a well-designed and effective three year plan, enabling the correct sequencing and prioritization of multiple strategic initiatives into a cohesive structure that delivers:

- Focus on key initiatives
- Understanding of cross functional impact on your organization
- Flexibility to adjust and re-prioritize as your strategy changes
- Balancing of business and IT resources and budgets

Typical retail plans are:

- A list of potential initiatives submitted by various business units, not prioritized across the enterprise. A list of projects is not a roadmap.
- PPT slides loaded with industry buzzwords related to executive hot buttons
 - A high level end state picture – The roadmap is not the picture of the destination. That is the vision and is equally important to communicate to the broader organization where the roadmap will take them.

The roadmap is the properly sequenced set of initiatives that gets you to the desired end state efficiently, on time and within acceptable risk levels. It is the guide used to prioritize **WHAT** should be done, **WHEN** (initiative schedule and phases) and, by **WHO** (Initiative Owners), and **WHERE** (countries, regions, banners).

The **WHY** question should be answered in the strategy.

The **HOW** question is answered once an initiative becomes an actual project.

It is essential for Retailers to develop this comprehensive plan in order to deal with the painful reality that IT and business units cannot successfully execute on everything being asked of them. The ultimate responsibility for the roadmap resides with senior executives, who are able to view available business and IT resources, project cost

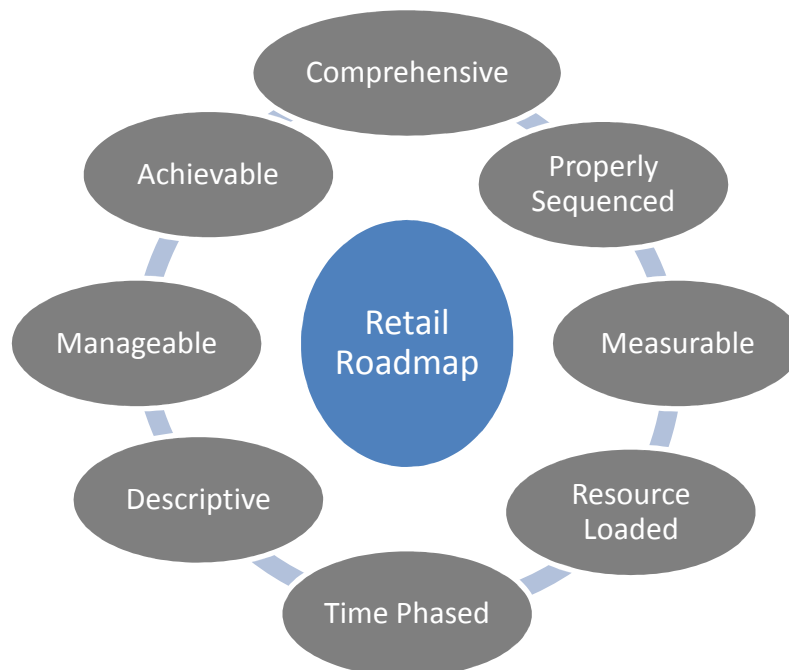
estimates vs. available funds, and dependencies. Through a well-developed roadmap, retail technology leaders understand what can be accomplished with these resources and rationalize the number of projects balancing strategy, cost and risk. It is better to focus on 10 well executed core projects than to attempt to deliver 25-30 poorly executed projects that require additional maintenance and support due to an over-ambitious plan.

What Makes a Good Roadmap GREAT

The responsibility for the enterprise P &L rests with senior management. As technology is no longer a cost center, but an enabler, the senior management team, working with the CIO and PMO (or EPMD), is responsible to ensure that a well-constructed roadmap that provides a high probability of success at acceptable cost is in place to support the company's strategy.

Retailers need to consider development and ongoing care and feeding of their retail roadmap and view it as a critical driver of executing their strategy. The initiatives or projects are the enablers needed to deliver on the promises of the strategy or vision. Unfortunately, most retailers treat the roadmap as a deliverable. It is done so move on to other efforts. It is not the destination, it is the way to reach it!

Retail is all about details, so let's consider what details are important to consider when building or refining a retail roadmap.



For a retail roadmap to be effective, efficient, and enduring, it should have the following characteristics or components:

- **Comprehensive** – For the roadmap to be able to be used to drive project prioritization, retail business units must submit all current and potential initiatives that meet a minimum threshold or criteria for cross functional impacts, length and cost of effort, resource impact level. The Business Units and IT must also consider initiatives not directly derived from the business strategy such as regulatory compliance, risk based initiatives (system end of life / support), enablers or infrastructure upgrades.

To minimize end arounds and ensure company compliance with the plan, the senior executive team should mandate that if it isn't on the plan, it does not get addressed unless related to regulatory or compliance issues.

- **Properly sequenced** – The initiatives should be analyzed for length of effort, and duration by key phases. Once this is done, alignment should be based on based on priorities, considerations for enablers (build blocks needed), costs and benefits derived, and resource requirements. If an initiative needs to be moved up in priorities, then something else needs to be pushed back.
- **Measureable - Cost and Benefit estimated (use Ranges)** – At this planning level it is important to estimate costs and benefits. This is best done by using ranges since during this phase in an initiatives lifecycle, you are expected to be within + / 30%. You cannot be more exact without doing full discovery on project requirements.
- **Resource loaded** - Resource estimates by role should be planned by month for all Business, IT, and external support. This should be able to be rolled up once phasing is started to show how many Project Managers are required by month to support the plan. Once the phasing is completed, a resource gap assessment will assist in determining whether to fill gaps internally or externally.
- **Time Phased** - Duration and phasing for each initiative needs to be done. A roadmap should include estimates for phases such as Discovery, Integration / Development, Testing, Pilot and Deployment. A best practice is to do this at a 4 week period or monthly level in order to be detailed enough to show overlaps, but not so detailed that it becomes the project plan.

While it was common years ago for leading retailers to build 4 or 5 year roadmaps, a 2 to 3 year detailed roadmap with “deferred initiatives” to be addressed after the 3 year plan makes more sense with the amount of change in the retail landscape and pace of technology change. As an example, how many companies had Ipad/Tablet for Store Managers as an active project 3 years ago? It was a great idea without the delivery mechanism.

- **Descriptive** – It is important to have a description of the initiative. “Implement Social Media strategy” needs a reasonably detailed description of initiative that addresses the high level scope and potential deployment phasing. This scope statement should include what is in and out of scope for clarity with all executives and business stakeholders. If additional discovery is required to clarify this, that should be noted here as well.
- **Manageable** –Business initiative owners and key stakeholders are identified, engaged and held responsible for the scope, direction / management and initiative success, including costs, benefits, and support of company strategy.
- **Achievable** – While a roadmap should be aggressive, it should also be achievable. The team responsible for executing the roadmap must feel they can be successful.

If a team knows that a master data project is a 12 month endeavor, building the plan for a 4 month project defeats the point of the roadmap, because resources assigned to the next project will not be able to begin subsequent projects as they labor on the first project with the understated timeline.

Roadmap Potential Deliverables

Developing or updating a Retail Roadmap is an effort that takes time, planning, and multiple reviews and approvals. In order to develop or update the roadmap, other work products or efforts must be updated or reviewed.

Below are examples of the typical deliverables of a good retail roadmap.

1. Approved projects sequenced by Now/Soon/Later priority
2. Business Process Model defining process ownership and roadmap impact
3. Current and Future State Application Portfolio, where Future State shows potential solutions as placeholders
4. Cost and benefit ranges for at least the Now and Soon phase initiatives
5. Risk assessment of current portfolio, and roadmap risk areas
6. Potential vendor short list by project
7. Resource plan by month with FTE's by IT, Business, Training, External Resources and gaps
8. PMO or IT Governance Assessment, with IT Guiding Principles as guidelines for project teams

Challenges to Developing and Maintaining a Great Roadmap

Retailers usually have the best of intentions when developing plans or roadmaps, but by their nature, retailers are reactionary organizations. They also have a habit of moving from fire to fire, and not focusing on fire prevention. Some of the key challenges retailers face when developing and maintaining roadmaps are:

- A poorly developed strategy leads to frequent strategy shifts that drive tactical changes (initiatives).
- A roadmap becomes obsolete soon after it is approved. Many roadmaps are never updated once developed. Every year there should be a project prioritization during the budget process and every 2 or 3 years a new effort

should be undertaken to build a new roadmap based on strategy, success with current initiatives, and business and technology trends.

- Death by a thousand cuts. In an effort to circumvent a cumbersome roadmap change control process, retailers allow large numbers of small, non-strategic small projects that eat up business and / or IT capacity to work on roadmap efforts. Each of these small initiatives impacts resources, consuming valuable time needed to focus on roadmap initiatives.
- The pace of change is constantly increasing, raising expectations and shortening project durations.
- Management gets frustrated and paralyzed when they see the full list of what must be done. Most retailers want a one year plan to do what will realistically take 3 to 5 years.
- A lack of IT guiding principles, leads to delays and false starts on projects as standards and methodology are formalized. This leads to roadmap slippage.
- Key Decisions are not properly defined and presented for executive decision making in a timely manner, causing false starts and project scope changes as the impact of the Key Decisions are understood.

Best Practices

To begin development of a true roadmap, retailer should use industry analysts, consultants or industry resources. The key reasons to use outside resources to assist in developing or updating your roadmap are:

Identify and facilitate tough decisions - Prioritization, what is in and out

Utilize efficient processes and tools to minimize impact to organization

Ensure completeness - Have all best practice initiatives to support strategy been considered

Assist in providing realistic timing, cost, benefit, and resource estimates by role

Validate enablers and proper sequencing in plan

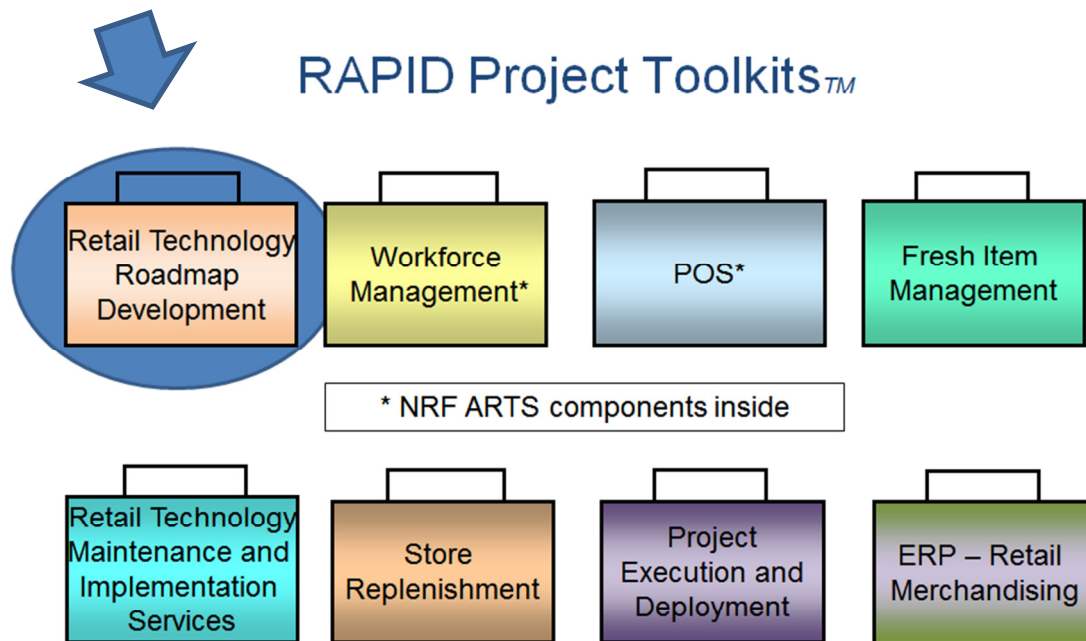
External resources should be vendor agnostic so as not be perceived as having a hidden agenda.

Types of external services you may need when developing a retail roadmap are:

- Roadmap Development and Annual Audit
- Governance Model Audit – Review of decision / prioritization models.
- PMO Set-up / Methodology Audits – Ensure the Project Management methodology and controls are properly aligned to roadmap scope and pace.
- Business Function Model Development – Provides a thorough assessment of the key business processes in order to ensure:
 - Voice of the Business – All business stakeholders are engaged in overall roadmap planning and prioritization
 - Best Practices are considered when developing plans
- Process Management / Harmonization - Redundant processes / systems identified and reviewed for opportunities
- Program Key Design points – Ensuring the right questions are being asked and answered at the right times by the right people.
- Risk Assessments – Identify the highest potential risks to the roadmaps successes (using impact and probability of occurrence) in order to focus on appropriate mitigation strategies.
- Program Executive / CIO Support – “Trusted Advisors” or sounding boards who can quickly assist the Senior Management team with roadmap challenges.
- Vendor / System Selection Approach – Ability to move from planning to execution support. Can the organization that helped you develop the roadmap, also assist as you plan and executive the initiatives?

IHL and C-CORE have the experience, expertise and methodology to assist in all facets of retail roadmap development, audit and management.

C-CORE Consulting Group has embedded successful industry best practices to jump start and fast track a retailer's roadmap development or audit process into a content loaded methodology called the **Retail Roadmap RAPID Project Toolkit™**. This combined with our other RAPID Project Toolkits can be an effective way to drive technology change through an organization.



C-CORE has had considerable experience in participating in, and leading roadmap assessments. We work with the Management of Companies to determine **what** they want to do and help them determine how to get there (**how to do it**).

For more information on this comprehensive approach to strategic planning and roadmap development for your organization,, contact Dan Grady at 203-733-5882 or e-mail Dan at Dan@c-coreconsultinggroup.com, or Jerry Sheldon at IHL jerry@ihlservices.com or 321-451-5870.

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