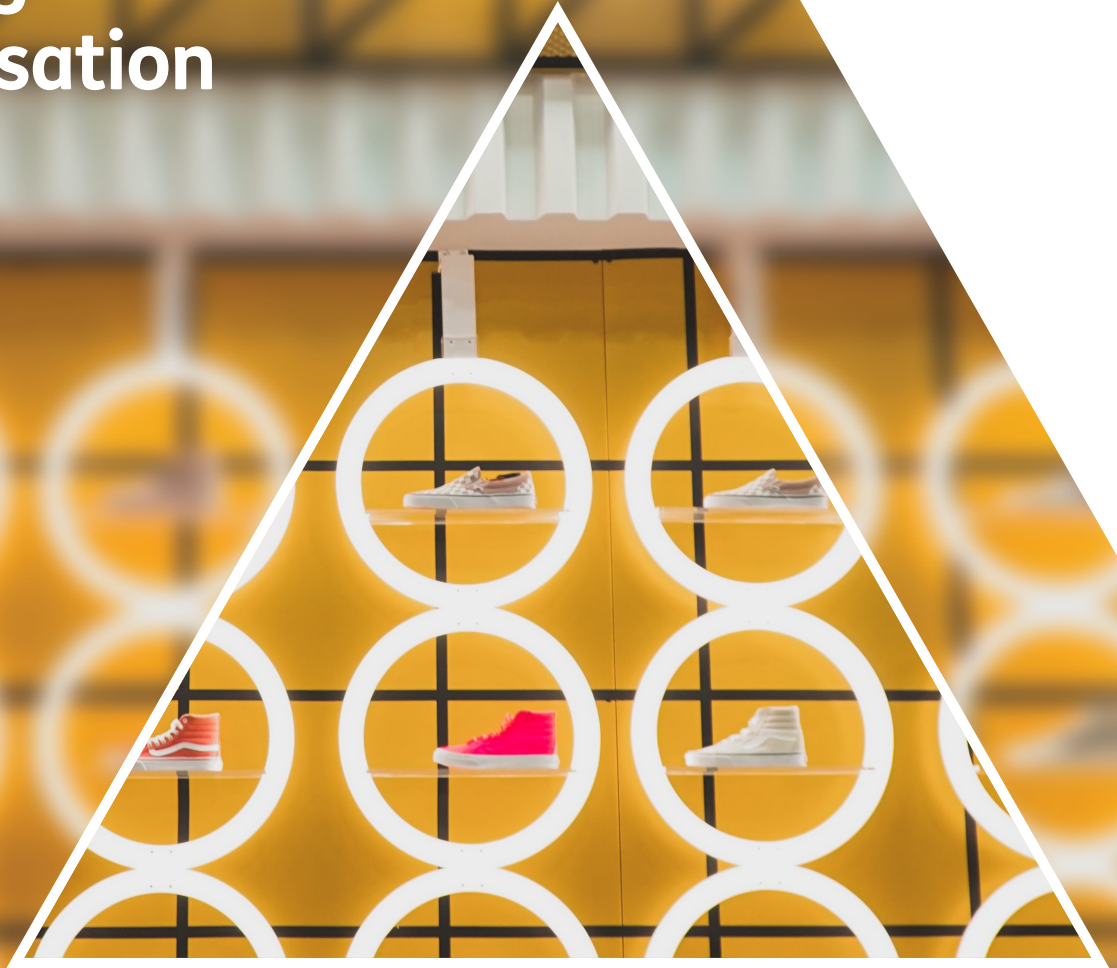


Trading team optimisation



Time to add value

We recently looked at the importance of giving trading teams the insights and the confidence to Think Like a Customer, so they can make fast, informed decisions. Now we look at the team structures and ways of working that make that possible.

In the fast-paced world of retail trading, there can be little time to stop and think. Trends and opportunities come and go too quickly, and it is therefore easy to miss them, let alone spend time fixing inefficiencies in the system.

So, when we work with trading teams, we ask them how they would structure things differently, if the commercial function was born today. This is always the start of a transformational journey.

The scale of the opportunity that stems from reimagining retail trading team structures and ways of working is huge. Tangible benefits include operating-cost reduction, as well as a more productive and engaged workforce with higher talent retention, delivering more confident and responsive commercial propositions.

Here are some of the ways we go about it...

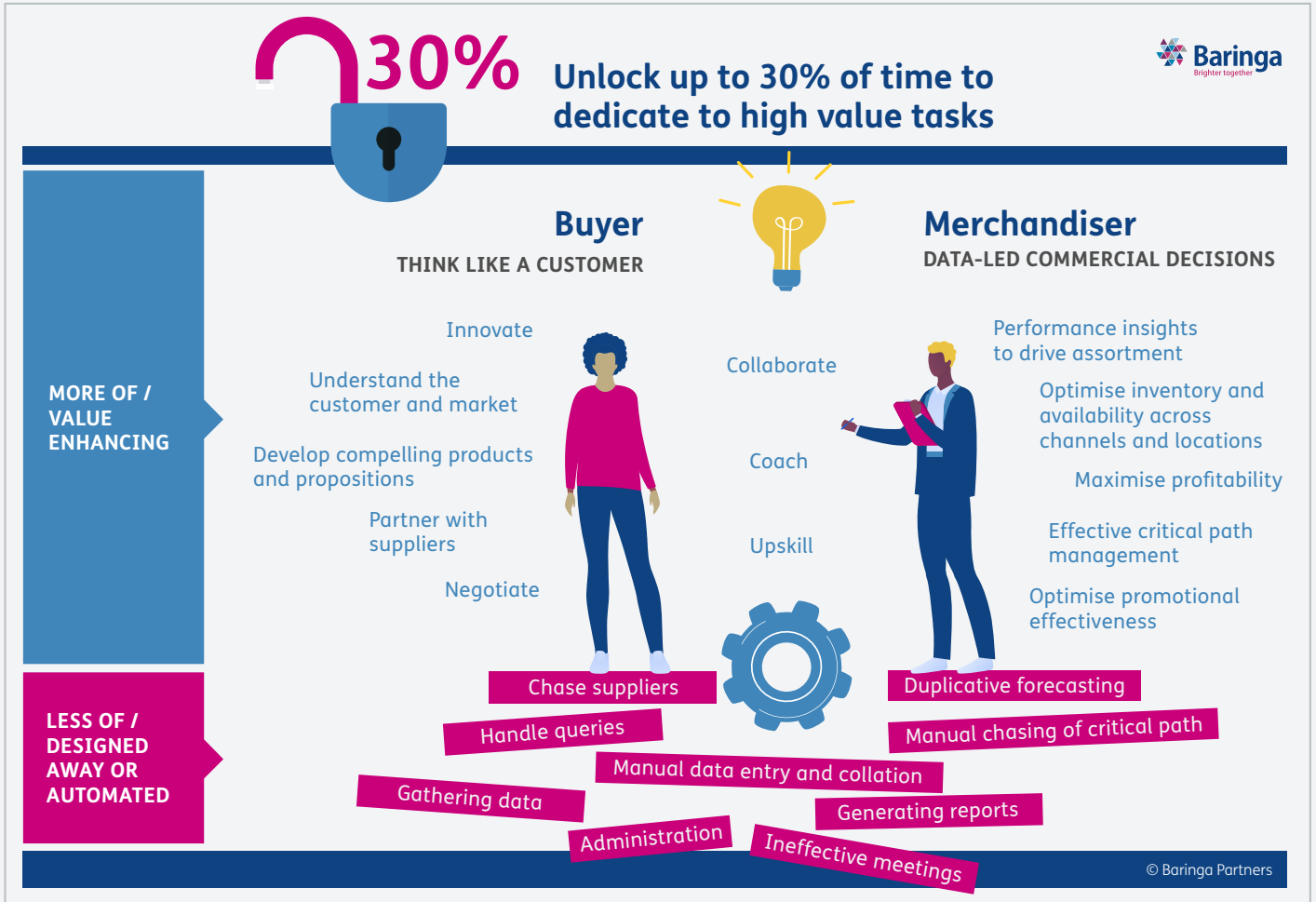
Deliver early value

In many retailers, there are typically a large number of 'no regret' opportunities: inefficiencies and manual interventions that could be designed away or automated. This isn't about major technology implementation projects, but rather spotting non value-add work, such as multiple spreadsheets with duplication, double-handling and manual, error-prone data-entry. Looking at the process across categories or brands can reveal a plethora of efficiency gains.

When something is uncovered, the next step is to identify where it can usefully be standardised and applied across the business. Interventions might extend to some simple process and accountability changes to keep things more controlled (such as a new supplier set-up process) or smaller tactical pieces of automation that remove dual keying across systems or spreadsheets.

Starting off this way really builds momentum because everyone can see instant and incremental improvements for relatively little effort and upheaval. Organisations typically find huge process advantages just from doing this.





Maximise skills

This leads to the next crucial area of transformation. Now you have removed the unnecessary admin work and implemented process efficiencies, your team is able to focus on really driving value.

Such process efficiency can release time, resource and therefore value at every level of a trading and merchandising team hierarchy. We have worked with organisations where even the Buyers and ‘Heads of’ is involved in tedious and unnecessary administration, such as personally signing off all POs, which can number in the hundreds.

Meanwhile, given that much process inefficiency typically lands with the most junior employees, this creates a particular opportunity to empower them.

Many retailers are very hierarchical and bottom-heavy, creating limited opportunities for promotion, growing discontent and high turnover. Such structures may have once made sense, but they are now a competitive weakness. Retailers that structure their trading teams in a way that allows junior members to fully participate in the value proposition, whatever their experience level, will be accessing, nurturing, and retaining much more talent than their peers.

Over numerous engagements, we have found that such an approach can unlock up to 30% of the working week across the team.

Strategy informs skills

Now it's time to stand back. Buying and merchandising teams are the sharp end of the stick when it comes to delivering the strategic goals and competitive positioning that are set by the retailer's CEO and executive leadership teams. So it stands to reason that trading teams need to be completely in the loop with regards to those key strategic priorities around the board table.

And this is never more important than when reimagining trading team structures. Trading teams must be able to design the right processes, organisational structures and differentiated skills sets to deliver on those specific strategic goals.

For instance, if the strategy is around sustainability, what skills and processes are required to design and produce products sustainably, across the whole value chain? This will touch on every aspect of the trading process, from range planning, assortment planning, merch, buying, raw-material sourcing and supply chain – and they must all work together.

Or the strategy might be around price – so what financial or negotiating skills are required to really become price competitive, without squeezing margins? This will involve a deep dive into pricing analytics, and access to meaningful and timely consumer and competitor insights. Then, taking a leaf out of the Silicon Valley playbook, how can automation remove the unnecessarily manual interventions around price adjustment?

In this way, the trading team can be empowered as a pivotal mechanism for delivering corporate strategy.

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Responsive by design

With all these skills on board, trading teams need the freedom to deploy them, flexibly, easily and on-demand. This will not happen without a deliberate and careful restructuring of processes, permissions and procedures. That's because retail's legacy structures, over time, have resulted in hierarchical decision-making and little co-ordination between different categories, sub-categories or brands. As well as the missed opportunities this involves, it has an inherent seasonality, resulting in peaks and troughs of workload. In many cases, there is even a disconnect between the buying and merchandising teams.

The operating structure that we believe every retailer should aspire to (and which none have fully achieved) is not new but is well-suited to this context: agility.

The flexibility and responsiveness (often encapsulated by the concept of 'agile' working) are ideal for a complex environment where different products and propositions are inter-connected in ways that are not always obvious – with the individual customer as the common denominator. Only a team that is truly responsive and empowered across its hierarchy could hope to be dynamic enough to solve the types of problems and opportunities trading teams encounter every day.

On top of this is an inherent unpredictability, as buying patterns react to unforeseeable events. A good example of this might be a sporting occasion, where a retailer might plan for an international tournament in some way, but what if the home team radically surpasses expectations and makes it to the final? (It can happen!) Suddenly products as diverse as flags, sports equipment, crisps and televisions are in huge demand. How fast your team can adapt and respond to that demand is crucial.

And in the heat of such a situation, another question might be, is there enough cultural osmosis for the marketing teams to understand the trading team's positioning and ability to fulfil demand, and adapt their media and advertising messaging to complement this?

The power of agile is not just to deliver customer and commercial value around such challenges, but also to provide variety, fulfilment, and empowerment within trading roles.

This naturally feeds into the concept of 'customer intuition' in our previous article. By reorganising around the customer proposition, rather than the internal divisions of category or service, the final proposition is much more likely to resonate and drive a better experience for your team and your customers.





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Baringa Partners was awarded a silver medal for Commercial Goods & Retail by the FT in their UK's Leading Management Consultants 2021 ratings.

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