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Updating the Legacy

Brooks Brothers is in the midst of an IT overhaul

by KAREN M. KROLL

Brooks Brothers has been outfitting men and women — author F. Scott Fitzgerald, aviator Charles Lindbergh, actor Clark Gable and 39 of 44 U.S. presidents all have donned its clothing — since 1818. It’s an impressive legacy, and one company management continues to build on.

To do that, the company is updating its processes and systems in an initiative dubbed Brooks Brothers Global Transformation. “We’re a 197-year-

old company,” says CIO Sahal Laher. “We need to continue to innovate as we try to be around for another 200 years. That’s the premise of this whole program.”

Laher and his team already are implementing new product lifecycle management, enterprise resource planning and point-of-sale systems. Now they’re adding merchandise planning and replenishment and assortment planning to their to-do list.

The New York-based retailer faces a number of challenges, among them the sheer number of items carried and its ongoing migration from a multi-channel to an omnichannel company. “We want to break down barriers across people, processes and technology,” Laher says.

That requires identifying and seam-

lessly using products wherever they’re available. Because Brooks Brothers operates in several dozen countries, it also requires a global supply chain.

The goal is ensuring the right product is in the right place to meet demand; for that, Brooks Brothers requires world-class capabilities, Laher says. He notes that a retailer’s planning function “really becomes a slice of big data in terms of complexity and amount of data to manage.”

For instance, Brooks Brothers’ basic inventory items come not only in a range of sizes and colors, but also numerous styles including options for fit,

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collars and cuffs. The company also sells a number of fashion items for men, women and children.

The selling and replenishing functions differ between the two: Basics are in the store year-round and replenished on a cycle, while fashion items are seasonal and cycle through every quarter. “Planning for fashion items is critical because you have a short window before the next season,” Laher says.

Complicating matters was the largely manual system the planning team used. Employees would export data from other systems to develop spreadsheets, a process that was both cumbersome and prone to error. “If you’d accidentally transpose a cell, you could throw off a forecast by tens of thousands of units,” Laher says. “It’s a big risk to the business.”

The prevalence of spreadsheet applications among even large retailers is higher than many might assume. Many retailers have invested heavily in fulfillment systems, as well as customer-facing applications like point-of-sale systems. “But there’s a big gap in technology, in that it’s not really

applied to the planning function,” says Marco de Vries, vice president of marketing and strategy with merchandise planning and forecasting firm 7thonline.

“It’s amazing how many multi-billion dollar retailers still plan in Excel.”

While budgets often are a factor, culture also comes into play. Many planners are used to working in Excel and don’t want a heavy technology system telling them how to plan, de Vries says.

RETAIL EXPERTISE

When Brooks Brothers decided to automate its systems, a premium was placed on several qualities. At the top of the list: a provider that understood the retail industry and knew how planning, replenishment and allocation differed between hard- and soft-line merchants.

Reliability and robustness also were critical. “We wanted something tried, trusted and scalable” that would work well with numerous items across multiple markets around the globe, Laher says.

At the same time, speed to market was essential. The company didn’t feel it had the luxury of waiting 18 months or longer to reap the benefits of the implementation. A cloud-based solution also held appeal, as it would limit the demands placed on Brooks Brothers’ internal IT department.

Brooks Brothers turned to 7thonline. The name — a melding of New York’s Seventh Avenue (known for fashion) and online shopping — highlights the firm’s focus on apparel, footwear and accessories, says Marc Sprecher, 7thonline’s executive vice president and chief commercial officer.

Not only does 7thonline work exclusively with retailers, wholesalers and e-commerce companies, but many of the company’s employees have retailing backgrounds. “We understand the pain, challenges and nuances of



the industry,” president Louise Chazen says.

The company’s clients come in all sizes. While most are at least mid-sized retailers, 7thonline is working with a few very small retailers with aggressive growth plans. “It depends on the organization and their initiatives,” Chazen says, “their pain and where they can find the most value.” Many clients start implementations with their bricks-and-mortar operations, and then extend them to e-commerce.

7thonline offers an omnichannel planning platform that helps companies optimize inventory positions and merchandise assortments to improve sell-through rates, fill rates and the percentage of markdowns. In doing so, retailers can optimize their inventory and working capital positions, Sprecher says.

Brooks Brothers is using 7thonline’s Fabrix Retail Suite, which assists with merchandise and assortment planning as well as open-to-buy and seasonal buys. It’s a way to modernize and streamline the inventory process and integrate merchandise and assortment planning, Chazen says.

The systems will go live this summer, starting with North American bricks-and-mortar stores. Brooks Brothers is implementing several modules, including merchandise planning, open-to-buy, assortment planning and a report builder.

7thonline is also in the late stages of developing a retail allocation module; Brooks Brothers is considering imple-

menting this as well, Laher says.

‘A TEAM EFFORT’

The robust, enterprise-wide planning system offered by 7thonline provides several compelling benefits, Chazen says. “The visibility of total demand, total results, total inventory positions in a timely manner and across the entire organization” allows retailers to optimize inventory to best serve their customers.

An implementation typically takes between four and eight months, Chazen says. Key to that is 7thonline gaining “a real understanding of the client’s life, what they want to accomplish and what functionality they’ll use.” At the conclusion of this process, 7thonline creates a blueprint — typically, it will be receiving feeds from the retailer’s financial planning systems and then pushing it to an order management or ERP system — along with recommendations for the new system, best practices and ideas for getting the most from the client’s current systems.

The idea is to come to a consensus, Chazen says. “It’s a team effort between us and the client.”

While it’s too early to pinpoint specific benefits seen by Brooks Brothers’ implementation, 7thonline has benchmarked across its client base and found that on average, the system reduces lost sales by 1-3 percent, decreases markdowns by 30 percent, increases full-price sell through by 5-10 percent and cuts administrative activities by 30 percent.

It also increases inventory turns, although Chazen says the range of increase can vary significantly.

“We’re looking for efficiencies, productivity and being able to optimize the supply chain to bring down costs,” Laher says. **STORES**

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