Managing Omnichannel and Digital Initiatives as a Portfolio

Retailers operate in a physical and digital world with many interconnected touch points. Shop.org indicates that in 2013, about half of U.S. retail sales were somehow influenced by online touch points and marketing tools.[1] However, as consumers embrace new technology and demand seamless customer experiences, retailers are finding it hard to keep up. Fifty-one percent of retailers admit that “consumer expectations outpace our ability to deliver cross-channel experiences.”[2]

To meet the needs of consumers by engaging and delighting them across all touch points, retailers must manage omnichannel and digital initiatives as a portfolio. Doing this will help retailers gain alignment and focus on the right things.

Gain Alignment

Retailers must reassess the entire value chain and innovate new ways to meet the changing needs of consumers. These efforts typically fall under the umbrella of omnichannel or digital initiatives. But to execute in a way that ensures results, the whole organization must be behind the effort, necessitating an underlying infrastructure of systems, processes and people. Seamless omnichannel experiences require collaboration between many stakeholders who span functional silos. Gaining alignment on priorities, as well as allocation of resources and investments, is critical, yet extremely challenging.

Focus on the Right Things

Research indicates that retailers feel they could be doing more. Forty-four percent of retailers indicate, “We are not doing enough to leverage our assets (digital, inventory, or otherwise) across channels.”[2] This is a bit alarming given the significant amount of investment organizations are making in digital retailing. So it’s not whether you are doing enough, but instead, whether you are doing the right things as an organization. Answering this question isn’t as easy as it would seem.

Retailers need to ensure they are balancing tactical needs with what’s right for their overall business goals and strategy. They need to determine where they are going to place their bets and make investments. This can be particularly challenging given all of the typical considerations that factor into omnichannel priorities.

Getting Started with Portfolio Management

The situation and challenges outlined above are similar to typical innovation challenges faced by many organizations across industries. For retailers pursuing omnichannel strategies, the innovation is all about driving that seamless customer experience.

Portfolio management is a common innovation practice that can help retailers successfully execute on their omnichannel or digital strategy. A portfolio approach can help retailers align on their omnichannel strategy and maximize investment by understanding how each effort contributes to the overall goals of the organization. It can also help to drive organizational alignment across cross-functional groups that may not always have a voice at the table.
To get started, retailers should comb the enterprise to find out all the current efforts that have an impact on the consumer’s omnichannel experience. Then, map all initiatives into a portfolio matrix using proven metrics such as the anticipated size of the opportunity, how it aligns with strategic goals, the associated risk, and the probability of success within a defined time frame.

With a matrix in place, you can get the right people in the room—people with the appropriate level of experience and relevant decision-making authority—to drive prioritization for the organization. Once you’ve accomplished this, sustaining progress will require maintaining visibility to what’s going on and reviewing it on a regular basis.

Leading Practices for Portfolio Management

As you think about instilling portfolio management practices to help manage your omnichannel efforts, keep several leading practices in mind:

- **People**: Ensure you have defined roles for facilitation, analysis and decision-making
- **Process**: Put in place a structured process that is integrated within existing business processes, and includes a clearly defined structure to aggregate the portfolio along with project evaluation and prioritization criteria that’s right for your situation
- **Technology**: Leverage proven software to help manage data, provide real-time visibility to all efforts, create instantaneous analytics and keep leadership constantly informed

Benefits of Portfolio Management

A portfolio management approach has many benefits for internal initiatives like omnichannel. It can help you ensure alignment of investments with your strategy. It can also provide informative data to support decision-making. This data can help you can make smarter decisions to stop projects with poor prospects before significant investment is made, freeing capacity to work on more valuable efforts. Portfolio management can also ensure that you have the appropriate balance of projects given your goals and objectives. Most importantly, it can help increase the value from your omnichannel efforts. According to RIS News, retailers are missing out on 6.5% of revenue by not being omnichannel ready. Portfolio management practices can help capture this value and drive top-line growth.[3]

By using a portfolio management approach, retailers can maximize their overall omnichannel strategy and investment, and understand how each effort contributes to the overall goals of the organization, resulting in tangible, financial value from omnichannel initiatives.

---


Originally published on November 10th, 2014

What’s your view? Add your question or comment