Merchandise Planning Perspectives: Tracey Dinar

by Sonia Parekh

In this series, leaders in the retail industry share their thoughts on the challenges merchandise planners face today, and what we should be thinking about for tomorrow. Today’s perspective features Tracey Dinar, an executive with over 20 years of experience leading planning teams in the retail industry.

What do you think are some of the biggest challenges you see the retail industry facing today?

And how are these challenges impacting planning?

I see three major challenges facing retail planning teams today:

1. **Traffic**: Growth in consumer spending is primarily coming from e-commerce (via Mobile) with bricks and mortar seeing flat to declining sales. Evolving the bricks and mortar customer experience through clarity of message, product pricing and availability are all roles planning plays to maximize SOT (sales over traffic) within stores.

2. **Speed to Market/Flexible Inventory**: Critical to top and bottom line financials in addition to having the right product at the right time which Merchandising drives, is having the right quantity at the right place. This is the planning teams’ role and essential to optimizing inventory. Partnering with Merchandising and Supply Chain to deliver long range forecasts builds in flexibility for the supply chain. These strategies not only increase speed to market but allow a more demand driven approach. Capabilities such as test and respond as well as the ability to delay/postponing finished good cut decisions improve the match of demand to supply by reacting to changing market signals.

3. **Systems**: So many retail companies have built work arounds for the planning and allocation teams in Excel given the limitations in the current legacy systems. While there is no silver bullet software that will solve all needs as the industry, customer, and business continues to evolve, finding the right tools to help your teams spend less time gathering information and more time analyzing the business is critical.

What complexities has rapid global expansion created for planning teams?

One issue that planning leadership within global brands need to address is how to organize and locate teams. On the surface global/central planning organizations appear to have the largest benefits operationally. With a centralized team it is easier to standardize planning capabilities, processes, reporting as well as manage talent development. On the other hand, local market expertise can be invaluable for understanding the consumer. Many companies therefore have morphed into a hybrid approach, where longer range strategic planning is global/central with day to day running of the business managed locally. A common mistake is to let legacy systems and operations dictate the organizational structure. Think about the strategic objectives for your brand and then design a planning organization which can support these goals.

Many wholesale brands are investing aggressively in growing their direct to consumer channels. How has this impacted planning?

Direct to consumer is a tricky business for established wholesale organizations including planning. The demands of a direct to consumer (DTC) business today often result in extended product assortments and additionally in many cases wholesale and DTC are different organizations with separate retail, margin and inventory goals that can create channel conflict. It is critical that there are forums for teams representing all channels to share and leverage insights and learnings in an effort to deliver a seamless omni-channel customer experience vs creating additional competition within the same brand.

The growth of digital channels and digital in store customer experiences has created a wealth of new data for retailers and wholesalers to consume. Do you think planning teams can leverage this information? How?

Absolutely, in many companies that have both stores and direct to customer channels tend to deliver products to the online channel several weeks before stores gaining early indicators to product and pricing performance. These insights would enable the store planning teams to revise retail and margin forecast through the adjustment of sell thru expectations, pricing strategies and markdown cadence. If flexible
inventory capabilities are available, both channels can optimize sales and margin by chasing into product performance based on early reads.

**What tools do you think planning teams need in order to succeed in today’s environment?**

Consumers are savvy, they have more options and selling seasons are shortening so having the right product at the right store/channels at the right time is the role of the planning teams. With the objective to deliver growth while maximizing profit, tools need to be able to support the business and provide visibility that will limit lost sales due to stock outs, reduce costly transfers and control markdowns would be margin accretive. A robust planning, allocation, and replenishment system, processes and reporting make a big difference in a retailer's bottom line.

**Looking forward what advice would you have for retail and wholesale companies looking to build world class planning organizations?**

In addition to some of what I spoke about already, know that investing in talent and developing a corporate culture that includes social and environmental responsibility will pay dividends in growing and retaining talent. Investing in continuous training and development opportunities, stressing the importance of making time to balance the strategic/important with the urgent/immediate is critical to keeping people, the most important asset, focused and driven by the company’s success.

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**About Today's Expert**

**Tracey Dinar** has experience in Financial Planning, Merchandise Planning, Inventory Management and Global Demand Planning. She has led planning teams at several large companies including Levi Strauss & Co and Gap Inc. Most recently she was the VP of Inventory Management at Old Navy.

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What's your view? Add your question or comment
Sonia Parekh
sonia.parekh@kalypso.com
Sonia brings over 15 years of industry experience. She has deep retail industry knowledge having worked as a consultant and in operating roles with many large, national retailers.