

Solution: **IBM Hybrid Cloud** Industry: **Retail**

# Allen Edmonds

Finding the perfect fit between inventory levels and customer demand with IBM Planning Analytics

By transforming its planning processes with IBM® Analytics, premium shoe company Allen Edmonds gains insight into sales, regional preferences and more. Smarter decisions about which items to place in which stores help the company boost sales, customer satisfaction and loyalty—even while reducing inventory levels.

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## Business challenge

When you buy a pair of shoes from Allen Edmonds, you expect a perfect fit. To keep customers coming back for more, it's vital to stock the right styles and sizes in the right stores at the right time.

## Transformation

Allen Edmonds partnered with eCapital to transform the way it analyzes its business, using IBM Planning Analytics, formerly IBM Cognos TM1, to make better recommendations on assortments, inventory and pricing.

## Results

10%

lift in forecasting accuracy: results for one major event were within 3% of forecast

50%

faster reporting, saving one day per week on weekly strategic planning alone

Empowers

planners to support rapid growth in stores and e-commerce

## Business challenge story

### A step ahead of the competition



Customers

come to men's shoe specialist Allen Edmonds when only the best will do. To ensure it can give each customer the look they want and the comfort they deserve, the company stocks approximately 100 size and width combinations for each shoe style.

Connie Walsh, Director of Retail Inventory, Planning and Analysis at Allen Edmonds, explains: "Offering customers a perfect fit is a key competitive differentiator for us, but stocking so many variations of each item results in considerable complexity.

"To make each sale, we need to have the right shoe in the right size in the right store at the right time for each customer. At the same time, we don't want to produce and store excess inventory, so careful planning is critical."

In the past, Allen Edmonds planned its assortments, inventory and pricing using spreadsheets—but as the business grew, these processes became increasingly time-consuming. The company's sales, inventory and margin reports were unable to provide the detailed insight that the company requires to make accurate, timely business decisions. To get its planning on a better footing, Allen Edmonds took steps to search for a better option.

“Our reporting processes are at least 50 percent faster now, which has a real positive impact on the way we do business.”

—Connie Walsh, Director of Retail Inventory, Planning and Analysis, Allen Edmonds

## Transformation story

### Kick-starting business agility



Allen Edmonds

began its solution selection process by carefully considering its requirements. One of the key items on the wish-list for the new solution was to minimize the amount of time and effort that both the merchandising planning and IT teams would need to spend on system administration and maintenance. As a result, a cloud-based platform was high on the list of priorities.

To help it find the right solution for its needs, Allen Edmonds joined forces with eCapital, an IBM Business Partner that specializes in analytics solutions, and has deep experience in financial and operational performance management.

When eCapital presented a demo of IBM Planning Analytics, the Allen Edmonds team immediately realized that it was a good fit with what they wanted to achieve. In addition to the fact that IBM provides Planning Analytics as a fully managed service in the cloud, the solution's hierarchy management capabilities were ideal for complex, multidimensional planning by store, style, color and size.

Once Allen Edmond's leaders gave the green light, the IT and merchandising planning teams worked closely together with eCapital to design and deliver the solution. Today, sales and inventory data from the company's ERP system is uploaded to IBM Planning Analytics in the cloud, where it can be automatically modeled and analyzed.

Leslie Paulus, IT Developer at Allen Edmonds, comments: "Purchasing IBM Planning Analytics as a cloud offering allows us to offload routine management to IBM, so our own IT staff can focus much more closely on our business needs. Moving from a large up-front investment to a flexible monthly subscription model also helps to increase agility and reduce capital expenditure."

Connie Walsh adds: "Our installation was born in the cloud. It seems remarkable that you can go from nothing to a fully-fledged analytics platform without having to worry about any of the infrastructure or IT issues. It seemed so much easier than a traditional deployment, so it was definitely the right decision."

As part of the project, Allen Edmonds examined its existing set of spreadsheet reports, assessed how valuable each report was to the business, and rebuilt the relevant ones in IBM Planning Analytics. Now, users can view reports from a web interface, rather than having to compile and circulate spreadsheets. Frequently used reports such as rolling forecasts are updated automatically, and each individual can save their own subsets of the reports that are most relevant to their job role.

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Connie Walsh says: "IBM Planning Analytics gives us a single source of truth, which means we no longer suffer from the inconsistencies that inevitably arise

from having multiple spreadsheets being passed around the company. The speed, the accuracy, the flexibility, and the breadth and depth of data that the solution now allows us to analyze are really helping us move to the next level.”

She continues: “We were impressed by the service from eCapital. They listened carefully to our needs and proposed a solution that matched our criteria. eCapital even showed us the value of adding functionality that we hadn’t even considered, especially around planning and forecasting. On top of that, the eCapital team were great people to work with, offering strong technical expertise, business acumen and project management skills. They were invested in our success the whole way through.”

Leslie Paulus adds: “The IBM support team has been great too—when we reach out to them, we have a single point of contact who makes sure any issues are resolved promptly. We have also been in contact with the product development team; they have helped us understand the vision for IBM Planning Analytics and listened to our suggestions. We’re excited about the enhancements that are on the roadmap—we’re hoping to see further improvements in performance, simpler models, and a more streamlined user experience.”

“IBM Planning Analytics is helping us evolve into a smarter business, provide better service to customers and optimize inventory and costs.”

—Connie Walsh, Director of Retail Inventory, Planning and Analysis, Allen Edmonds

## Results story

### Unearthing priceless insight

## How can apparel and footwear companies find the perfect fit between inventory and customer demand?

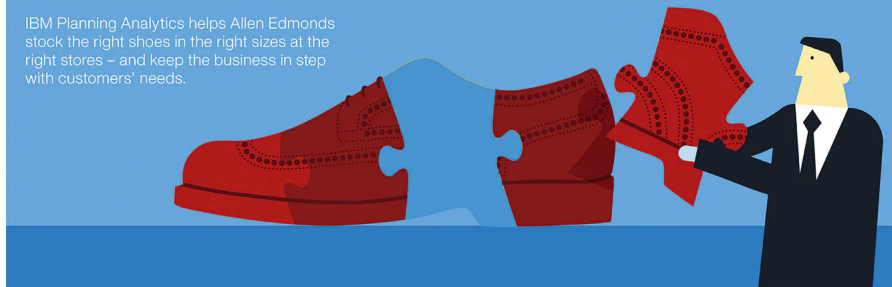
IBM Planning Analytics helps Allen Edmonds stock the right shoes in the right sizes at the right stores – and keep the business in step with customers' needs.

**10%** lift in forecasting accuracy

**50%** faster reporting processes

**Saves** one day per week on strategic planning

**Cloud** platform helps avoid infrastructure costs



With the solution in place, Allen Edmonds has transformed its planning and reporting capabilities.

Connie Walsh remarks: “Our reporting processes are at least 50 percent faster now, and the ability to deliver results faster has a real positive impact on the way we do business.

“For example, on Mondays, all business functions meet to discuss new developments and how we plan to react to them. In the past, we spent almost the entire day compiling reports, which delayed that decision-making process.

“Now, all the standard reports are available when we walk in on a Monday morning, and if we want to create ad-hoc reports on topics such as promotional clearance, it takes five minutes rather than half a day. We complete the whole Monday reporting run within an hour, so we can spend the rest of the day analyzing the data and guiding better business decisions.”

Inventory planning is one of the key areas that Allen Edmonds can now analyze in greater depth. With granular insight into the sales of each shoe by location, the company can calculate how many units of each style, size, width and color we are likely to sell, and which stores should stock which items to maximize revenues.

“People have different preferences in each city, state and region—now we can better understand ever-changing customer needs in each market, and use that

knowledge to inform our decision-making,” says Connie Walsh. “Since adopting IBM Planning Analytics, we have seen a 10 percent increase in forecasting accuracy, which helps us have better conversations with our manufacturing team and respond quickly as demand patterns evolve.”

Armed with this insight from the merchandising planning team, Allen Edmonds’ manufacturing team can adjust their operations on-the-fly—for example, ramping up production of top-selling shoes, and halting production of items that aren’t selling as well as the company had hoped. That agility can be particularly important during busy periods in the shopping calendar or at major events that generate significant sales.

“We used IBM Planning Analytics this year to produce a really accurate forecast for ‘Rediscover America’, which is one of the major events in our calendar. The results were within 3 percent of the forecast, because we were able to pull in additional sources of data and update them on a daily basis—giving us a much more detailed view than ever before.”

Allen Edmonds is also using the platform to analyze margins for its shoes and other items—including apparel, leather briefcases and belts—to determine which products are most profitable. The company is also testing how stores perform with different assortment sizes, so that it can determine the optimal level.

Furthermore, the company is analyzing the number of visitors (foot traffic) and conversion rates at each location—aiming to understand how to optimize the in-store environment to maximize sales. With these insights, Allen Edmonds can boost the profitability of its business, and make smarter decisions about which items to stock at each location as it expands its branch network.

Building on its success, Allen Edmonds has more exciting plans up its sleeve.

Connie Walsh comments: “We plan to start performing what-if analyses using IBM Planning Analytics, and we want to take advantage of new features like the IBM Watson Analytics visualization engine to get a better view of basket analysis. We also want to expand the solution beyond our e-commerce and retail channels, bringing in other divisions and other data-points to give us an even more comprehensive view of our business.”



She concludes: “IBM Planning Analytics is helping us evolve into a smarter business, provide better service to customers and optimize inventory and costs. We’re excited to see where the future will take us.”



## About Allen Edmonds

Allen Edmonds has been handcrafting top-quality shoes since 1922, and has more recently expanded into belts, briefcases, bags and apparel. Managing the entire supply chain from manufacturing through to retail, the company has an unparalleled ability to ensure that its customers always receive a perfect fit. The company operates 70 stores and is headquartered in Port Washington, Wisconsin.

## Solution Components

- Retail: Smarter Operations

## Take the next step

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