



# Infor M3 Assortment Replenishment Planner

## Speed up decision making

As a fashion brand owner with your own manufacturing or with a sourcing business model, or a private brand retailer, you are almost certainly operating in a highly dynamic environment where fashion trends change overnight. Like many of our customers, you probably have to cope with more and shorter seasons, shorter product lifecycles and consumers who demand greater choice and expect immediate availability of your products in their preferred color and size.

If you do not have the right product mix in each store at any point in time, you risk losing sales opportunities, and your brand image and customer loyalty may suffer. Too much of the wrong merchandise can lead to low sell-through rates on other product lines. Ticket price markdowns are then often necessary to shift excess merchandise and minimize obsolete inventory, squeezing your profit margins.

### Assortment planning

Getting store assortment planning right is critical. The purpose of assortment planning from a customer-centric view is to match your products with your store profiles. You need to get the right products into the right stores, at the right time and at the right price while ensuring that your plans match your company's financial targets and budgets. Every lost sale, markdown or unsold garment reduces your potential revenue and dilutes your margin.

Assortment planning becomes increasingly complex as your retail division grows. Different store types, store locations and store sizes all add to the assortment planning complexity. If you have fewer than 10 stores, it may be possible to do the assortment planning on a spreadsheet. By the time you reach 30 stores, it becomes increasingly important and cost-effective to have suitable software tools in place to support the assortment planning process.

### Initial push, in-season replenishment, and phase-out

Execution of the assortment plan and regular in-season replenishment is equally important to getting the initial assortment planning correct. Effective and efficient execution of the initial push of collections and the subsequent replenishment of merchandise in your stores is one way you can gain a competitive advantage. It enables you to better meet your customers' needs.

Storage space in your retail stores is often at a premium and limits the inventory that can be held. Effective and regular replenishment can overcome the issue of merchandise in the wrong location, which can lead to lost sales and markdowns.

Effective replenishment ensures you have the right assortment in your store throughout the season and not just at its start. A good replenishment strategy helps you minimize your merchandise inventory levels without incurring lost sales and reduces confusion and time wasted "putting out fires."

### Speed of decision making

In today's dynamic environment, you face a number of challenges when planning your store assortments, including the need for:

- Greater agility to respond to changing circumstances and consumer demands
- Better visibility into the impact that assortment plan changes have on your buy plan and supply chain
- Automation of processes due to short time windows for delivering and selling collections

Infor™ M3 Assortment Replenishment Planner (ARP) is for apparel, footwear, home textile and accessory companies that develop collections in-house and have their own retail operations. ARP can support a more effective, efficient and integrated store assortment and replenishment planning process, leading to greater agility, fewer stock-outs and higher sales at full price.

Unlike other assortment and replenishment planning tools, ARP is integrated with an ERP system-the Infor M3 Enterprise Management System. It helps speed up your decision making by avoiding a broken process between the assortment plan and the execution plans. ARP supports retail assortment planning from the initial push through store merchandise replenishment to phase-out and post-execution performance measurement.

ARP provides a closed-loop planning process that enables you make better decisions and react more quickly to change. A reduction in duplicate data entry aligns information, avoiding confusion and reducing the risk of errors.

### **Assortment replenishment planner-solution scope**

ARP handles the product, market, store, time and event dimensions that you need to plan for and monitor on an ongoing basis. You can define collections by, for example, season, planner or based on a prior collection. ARP's ergonomic and intuitive design, as well as its use of product images makes it easy for merchandisers to, for example, drag and drop products onto stores or groups of stores to create assortments. It is an integrated part of the Infor for Fashion solution and supports:

- Definition of collections, styles, colors, sizes, etc.
- Interactive generation of assortment plans per store
- Budget matching
- Generation of the buy plan and initial merchandise push plan
- Synchronization and adjustment of the push plan with incoming supply
- Generation of replenishment planning values as well as adjustments in-season
- Handling of exceptions in operational execution

## Highlights of ARP

The features and functions of ARP include:

### **Defining products, stores, markets and hierarchies**

When you define the products for inclusion in a new collection, you can set up their characteristics in ARP or import this information from the Infor Enterprise Management System.

### **Style**

In ARP, it is easy to create a style, connect it to a product hierarchy, add pictures, a purchase price, retail price and other operational and product-related information. When defining the color and sizes for the style, the list of colors and sizes can be predefined for each 'collection folder,' making the selection easier and quicker, while reducing the possibility of user error. Easy-to-set-up rules allow you to enter and maintain data at a higher level when creating new styles for collections, so you can work faster.

### **Pre-pack**

Single color packs or assortment packs are easy to create once the style definition, colors and sizes are known. It is possible to define a 'pre-pack,' for example a kit, carton or box, by telling the system how many of each color and size are packed together. A pre-pack may be a logistical unit or for information purposes only so that your suppliers know how and what to pack. You can predefine size curve templates and apply these to automate the creation of pre-packs.

You can choose to do your planning based on pre-packs, instead of stock-keeping units (SKUs) or styles.

### **Distribution template**

You can define distribution templates in ARP for the number of styles or pre-packs to push out to each store. This helps automate the generation of the initial push plans for new collections.

### **Product hierarchy**

You normally use your product hierarchy to simplify the budgeting, demand planning and collection planning processes. The product hierarchy in ARP and the Infor Enterprise Management System are integrated. However, for assortment planning, you can define and hold additional levels within ARP. When you create a style and add it to the product hierarchy, several predefined fields are automatically updated in Infor for Fashion to ensure the two systems are synchronized at the item level. The option to have additional levels in ARP allows you to hold more detailed information locally in ARP for planning.

## **Policy**

You can set characteristics and/or trend policies against a style to monitor if buyers and merchandisers are buying and planning correctly for a specific market. A policy might specify 60% at the most and 40% at the least in a collection; or to have 20% in a high-price segment, 50% in a medium-price segment and 30% in a low-price segment. Setting of policies allows you to use a scoreboard to monitor whether the collection is performing according to plan.

### **Retail price**

It is possible to define the expected retail price for the style and different markets you sell into.

### **Sales price**

Similar to retail price you can set up a sales price. The sales price is being used for those business scenarios where your stores are not being managed by you but for instance by a franchiser.

### **Margins**

Margins are calculated for both the sale at retail price as well as at sales price.

### **Stores**

Stores are the lowest planning level at which you can plan assortments. You can define all your stores and add characteristics to each that you can then use to cluster your stores. The stores in ARP are integrated with those in the Infor Enterprise Management System. ARP supports customers with own stores or with mix of own stores and for instance franchise stores.

### **Market hierarchy**

Like products, you normally want to define a market hierarchy to simplify and improve your budgeting, demand planning, assortment planning and analyses. You may create an unlimited number of levels for the market hierarchy within ARP and perform your planning across all these levels. This provides flexibility and simplifies the planning of both large and small markets at the same time.

## **Market dependent store clustering**

You can cluster your retail stores based on geographic, socio-economic, store type and profile information, as well as other relevant characteristics. When selecting and planning a market within ARP, you can make conditional selections such as 'large stores' or 'A-class stores.' You can connect each store to one or more store clusters. For each collection in ARP, it is possible to create a conditional selection from a single cluster. By using the store clustering functionality, you can easily manage the data planning volumes and the specific delivery times for different stores or store types.

### **Product and market dependent store clustering**

You may want to classify a store as a B-store, even though it sells a high volume of jeans, for example. ARP allows you to create a 'product and market dependent store cluster' to enable you to, for example, handle a store as an A-store when planning jeans and as a B-store when planning all other products.

## **Defining assortments for stores**

Your next step in ARP is to create the store plans by selecting products for the different markets. Once this is complete, you generate the buy and push plans in one or multiple steps using manual or automatic dis-aggregation rules. You have the option to generate preliminary orders for your suppliers to inform them about your purchase plans. You can monitor the buy plan against your budgets and policies.

### **Product selection**

You can easily drag and drop your products from the product basket to a selected level in your market hierarchy. The event calendar supports your merchandisers and buyers when making assortment decisions. Once you complete the product selections, the assortment plan is ready for the initial buy, and the system automatically generates a buy plan.

## Events and calendar

The calendars in ARP allow you to define the seasonal periods for different collections and to plan for events such as local holidays and marketing campaigns. Use of events and calendars enables merchandisers to easily select the right collections for a specific event or date period. It is possible to have multiple events and date periods for a collection, which allows merchandisers to plan differently for short periods of time within the season for a given collection.

## Buy plan

When the assortment planning is complete, ARP generates your buy plan. Your buy plan is then converted into purchase, production or distribution orders that your buyers can send to their suppliers or manufacturing department. The order execution and monitoring takes place in the Infor Enterprise Management System. Changes to the purchase orders are pushed back into ARP, so that the dependent plans can be modified.

## Budget matching

It is possible to import several budgets into ARP for matching of the budget and assortment planning at multiple levels. Each buyer and collection can have their own budget.

## Monitoring collections using the Scoreboard

You can monitor your selected styles in the Scoreboard against the policies that you set. The Scoreboard identifies where there are mismatches, so that the merchandisers can react and modify their plans.

## Push plan

Once you have the buy plan, you generate the merchandise push plan with the planned quantities per store. The push plan can be based on planned quantities, confirmed quantities (from suppliers) or delivered quantities. When pushing only part of the total planned quantities, it is good practice to start the push planning based on planned quantities. Execution of the push plan takes place in the Infor Enterprise Management System.

You can speed up the creation of both the buy and push plans by defining dis-aggregation rules.

## Automatic dis-aggregation

The planned quantities in your market are initially planned at style, style-color, pre-pack. One of the tasks is to break down the quantities to the final store/size quantity a process which we call dis-aggregation. Dis-aggregation can work in one or multiple steps and is supported by predefined rules within defined hierarchies. For example, you might have a budget to sell 10,000 pairs of jeans, and in the first step, you split this across three countries in the ratio 7,000, 1,000 and 2,000 pairs using a distribution template. You can further modify these quantities manually or use a new dis-aggregation method. You can define rules by, for example, store/SKU, store/pre-pack, store/store category, product dimensions or at entry mode for a style, pre-pack, color, size or SKU.

## Manual dis-aggregation

You can manually define and edit the quantities per store at multiple levels and by color/size or pre-pack by entering a percentage (ratio) or quantity for each. In the above automatic dis-aggregation scenario, you could manually edit the split to 6,000, 1,500 and 2,500 pairs of jeans per country, for example. In the next step, you might want to work at the pre-pack level and the quantities would be 600, 150 and 250 pre-packs, assuming a quantity of 10 pairs per pre-pack. You can easily change the numbers all the way down your hierarchy and ARP works with the last set of numbers. This avoids the confusion and risk of errors when working with multiple spreadsheets for assortment planning, improving your speed of decision making and data accuracy.

## Replenishment and phase-out

It is normal practice to replenish store merchandise within a season. You can define replenishment rules on a high level, avoiding the need to maintain high data volumes at a low level.

### In-season replenishment or "never out of stock" replenishment

It is possible to define rules within ARP to automate the replenishment of merchandise in your stores. This is mandatory for 'never out of stock' products and can also be used for seasonal products. You set the inventory level that triggers replenishment and when reached, it automatically generates a purchase order proposal. The replenishment rules are set at the style level and help in-store merchandisers avoid out-of-stock situations.

### **Phase-out or manual push**

For product phase-out, the merchandiser can work with the actual inventory in distribution warehouses and stores, and the sales statistics for the stores, to create a manual push for the remaining goods to the stores that have been selling the product.

## Scoreboard and alerts

You can closely monitor the assortment planning and replenishment process by means of a Scoreboard and Alerts.

## Integration and graphical user interface

### **Integration**

ARP is closely integrated to the Infor Enterprise Management System and enables master data to be created and maintained in one place. Experience has shown that the important product information and processes are integrated, which provides major cost advantages during implementation and ownership. The buy and push plans are also tightly integrated with the Infor Enterprise Management System. Changes to your plans and orders are reflected in both systems, which enables your buyers and merchandiser to monitor and react to changes.

### **Graphical user interface (GUI)**

Users can configure the ARP screen layout to suit their working preferences. All the panes for entering, viewing and editing data can be moved to the user's chosen position on the screen, and you can specify the columns to display.

## The power of integration

Integrated assortment planning and replenishment is a new concept for many in the fashion industry. Historically, the initial assortment planning and store replenishment processes have been treated more or less in isolation of each other. Matching of the budget and assortment plan is often a broken process with much manual work. There has been limited visibility back up the supply chain on the consequences of changes to the plan or in demand. By tying these core processes together, you get better control and gain visibility of inventory in your supply chain all the way from suppliers to individual stores, enabling you to react faster to changing customer demands.

Through the integration that the Infor for Fashion solution provides, you can track your inventory, costs and margins in real time to enable better decision making. Integration also reduces the amount of manual work and duplicate data entry required in the assortment planning process as well as the time spent putting out fires in the merchandise replenishment process.

With Infor for Fashion, there is no need to maintain a custom interface between your enterprise management system and a third-party assortment planning software tool, all helping to reduce the total cost of ownership.

ARP helps bridge the gap between your store-based retail system and back office enterprise management system to streamline your inventory management all the way from apparel manufacturing through the distribution network to the retail store.

## Maximize your sales

Using ARP to support your assortment planning and replenishment can lead to:

- Greater agility to respond to both changing demand and an evolving retail chain
- Fewer stock-outs, which translates into fewer lost sales
- Higher sales at full price, avoiding costly markdowns and obsolete inventory



641 Avenue of the Americas  
New York, NY 10011  
800-260-2640  
infor.com

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