

# Information Technology

*A Retail Optimization Service*

*Offered By*

*B*USINESS *S*TRATEGY *G*ROUP, INC.

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# Background

*Competition has never been more fierce and effective use technology more imperative*

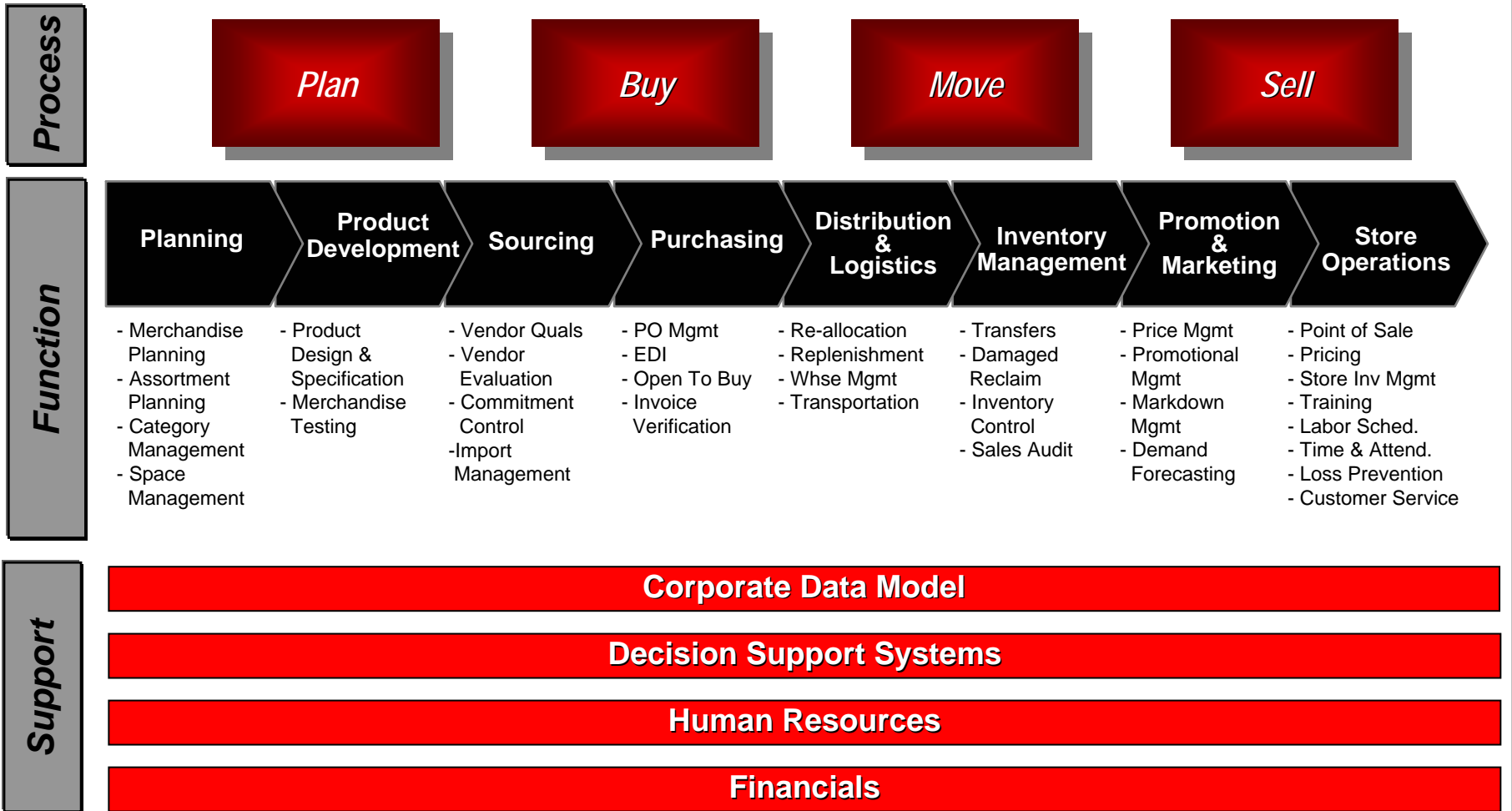
- ❖ Retailers are operating in an increasingly competitive marketplace. The need to control and reduce costs and gain competitive leverage has never been greater. This includes, as a high priority, the effective use of strategic technologies to support your business initiatives and insuring your technology investments and initiatives are effectively enabling those initiatives and producing a ROI.
- ❖ BSG has prepared this Benchmarking IT (BIT) proposal to deploy its retail technology industry experts to enable retailers to rapidly identify strengths, weaknesses gaps and opportunities for improvements in its IT operations.

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# IT Supports the Business Model



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## *IT Opportunity Assessment*

### *What are your major strengths and weaknesses?*

- ❖ How does our IT performance compare to our peers? Industry “best practices?”
- ❖ Do our associates have access to the accurate information they need in a timely manner to operate more effectively and efficiently?
- ❖ Do we synchronize our data with our business partners to avoid discrepancies and take advantage of opportunities for supply chain improvement?
- ❖ Are there gaps and weaknesses in our performance?
- ❖ Are our perceived strengths accurate?
- ❖ Do we get a proper return on our technology investments?
- ❖ Do we have adequate metrics in place to insure that we can continually benchmark our IT performance.

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# *IT Risk Assessment*

## *What are your major IT risks?*

- ❖ Are we following “best practice” IT governance processes?
- ❖ Are there adequate backup facilities, plans, and procedures in place for key business systems?
- ❖ Is there a formal change management system in place for software installations and enhancements?
- ❖ Do gaps in your current IT solutions require end users to independently operate undocumented systems that are vital to the business?
- ❖ Do our business leaders drive our technology projects, actively participate in each project, and carry responsibility for successful implementation?
- ❖ Are our data networks protected from intrusion?
- ❖ Is data access restricted to employees on a need to know basis?
- ❖ Do we have a customer/employee privacy policy and procedures in place to insure its enforcement?

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## *Scope & Objectives*

*Our industry experts quickly assess the opportunities for improvement ... which can be delivered quickly*

- ❖ The BIT process is designed to rapidly assess the possibilities for improvement in IT effectiveness for BSG's retail and wholesale clients.
- ❖ Utilizing its industry expertise BSG will identify, on an accelerated time scale, high level opportunities for improvement in IT effectiveness and performance.
- ❖ Specific areas for consideration will include IT governance, IT strengths, weaknesses and gaps and opportunities for "quick win" improvements.
- ❖ A report of findings and recommendations will be delivered following the assessment.

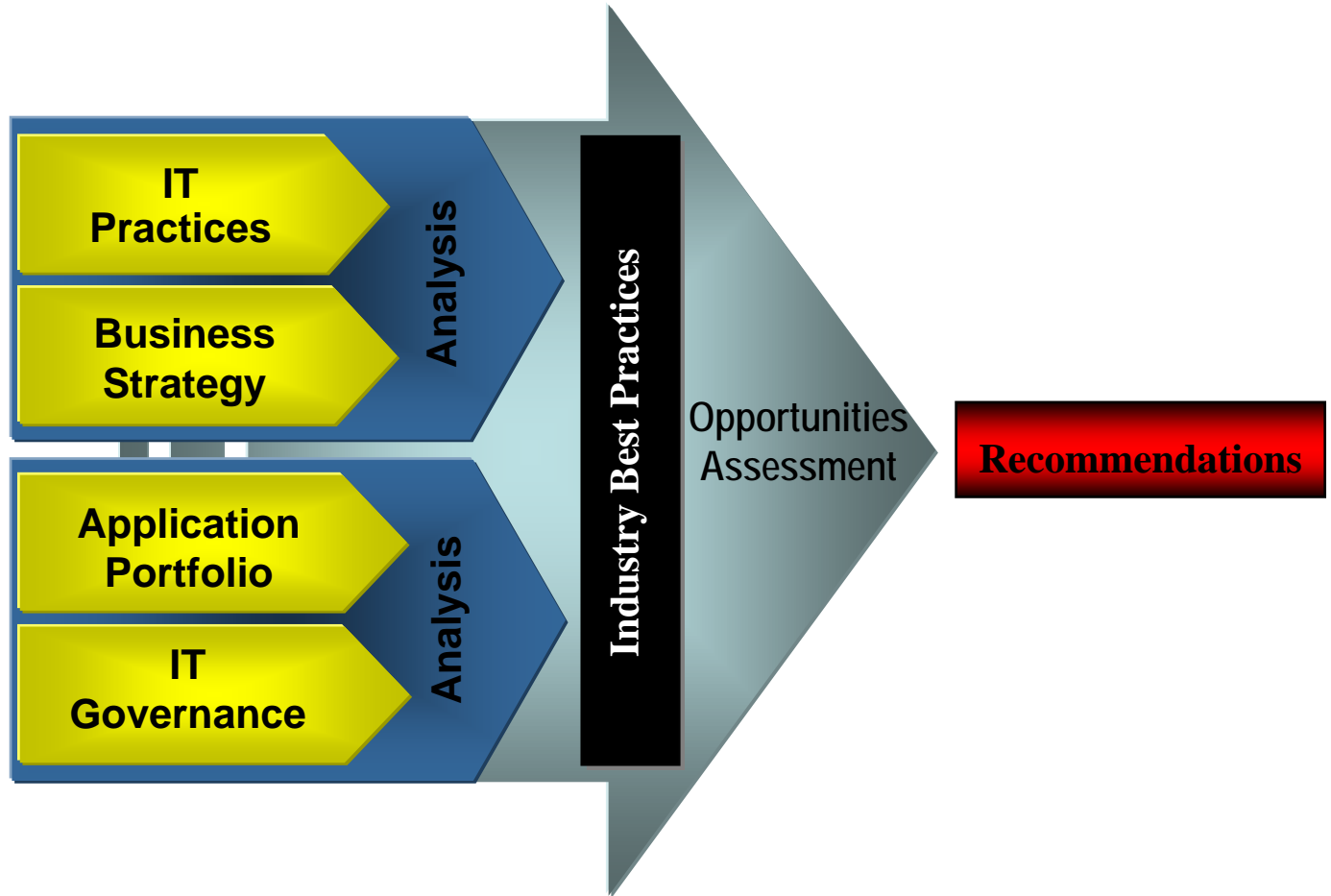
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# Approach & Deliverables

*We quickly assess the situation, define the opportunities and make our recommendations*



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# Approach & Deliverables

*Quick results  
leads to quicker  
benefits*



## Discovery

- ❖ Review core IT Governance processes
- ❖ Review asset utilization
- ❖ Review technology support of business strategy and initiatives
- ❖ Evaluate emerging technology initiatives

## Assessment

- ❖ Validate current state by benchmarking
- ❖ Analyze strengths, gaps & weaknesses
- ❖ Identify and quantify opportunities for improvement

## Recommendations

- ❖ Highlight quick wins for rapid payback
- ❖ Prioritize mid term opportunities
- ❖ Recommend longer term investments in efficiency

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*Timeline*

*We hit the ground running, have an aggressive timeline and exploit joint opportunity development*

Week	Phase	Activities	On site
-2	Preparation	Data request sent	No
-1	Preparation	Data returned	No
1	Discovery	Site visits/interviews	Yes
		Technology/ Asset/Process/People reviews	
2	Discovery	Site visits/interviews	Yes
		Technology/ Asset/Process/People reviews	
3	Assessment	Consolidation of discovery	No
		Benchmarking	
4	Assessment	Joint development session	Yes
		Synthesis	
5	Recommendations	Development of plan	No
6	Recommendations	Presentation	Yes

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## *Resources & Costs*

*Low cost, high value*

- ❖ BSG will deploy two-three industry IT content experts on site to accomplish the business discover and analysis phase of this rapid assessment. A fixed fee and project timeline will be determined in conjunction with the client, based on the agreed upon scope, depth and breadth of the assessment (i.e. interview access to key executives and managers, number of store visits required, etc.). We will prepare a pre-visit survey which helps to shortcut the discovery and evaluation timeframe.
- ❖ A report will be prepared off site and delivered to you within two weeks of the completion of our on site activity. This will highlight the quick wins, prioritize medium term opportunities & recommend longer term investments in efficiency.
- ❖ Expenses for transportation, accommodation and meals will be billed net. Every effort is made on our part to keep such expenses to a minimum by utilizing client arrangements.

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## Resource Profiles

### Tom Murphy

Tom has over 20 years of IT and business experience in the transportation and retail industries. He has worked with a number of organizations to fashion business and IT strategies, determine market approaches for products and services, and develop IT management practices to deliver high value products and services. Tom has served in senior IT executive positions with a number of leading companies including Kroger, Sea-Land Service, Inc., and Federal Express Corporation.

### Ken Fobes

Ken is an internationally recognized retail consultant, with more than 25 years of extensive experience in retail technology, business growth strategies, end-to-end supply chain improvements, customer specific marketing and retail optimization. He has been instrumental in bringing a number of emerging technologies and business solutions to the retail marketplace, as well as helping global retailers in developing successful IT strategies. His clients have included J Sainsbury, Somerfield and Homebase in the UK; Coles-Myer in Australia; and Kroger, Vons-Safeway, Delhaize-America, Canadian Tire, AmeriKing, H.E. Butt, SUPERVALU, Schnucks, Exxon Worldwide, and Nike in North America.

### Gary Stephenson

Gary is a founding principal of BSG, in charge of engagement delivery for BSG. He has more than 30 years retail consulting and industry experience, including Arthur Andersen, KPMG & KSA. His expertise includes accounting, IT, supply chain, process improvement, manufacturing, store operations and outsourcing. He has held IT executive positions with Auchan Hypermarkets. His many clients include: A&P, Kroger, Schnucks Markets, Canadian Tire Corporation, Federated Department Stores, Pathmark, Meijer, J Sainsbury, Sears Canada, Lane Bryant and Aeon (Japan).

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- ❖ **The BSG Advantage**
- ❖ **Representative Clients**

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# Our Value Proposition

## Retail Experience

- ❖ Our depth of experience enables us to identify opportunities and provide practical solutions and benefits quickly
- ❖ Everyone on our team is a seasoned professional with hands on senior IT executive experience

## Knowledge

- ❖ We use our broad knowledge base of industry best practice to achieve superior performance
- ❖ This strength enables us to determine what will work and why.

## Collaboration and Teamwork

- ❖ We work closely with the client's executive and operational management to transfer knowledge
- ❖ We communicate clearly and candidly during the on-site assessment

## Approach

- ❖ We use clear, precise and logical steps throughout all of the phases of the project
- ❖ We highlight the quick wins, prioritize medium term opportunities & recommend longer term investments in efficiency

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*We take great  
pride in the  
companies we  
serve*

### Grocery

- Brookshire Grocery Co.
- J Sainsbury (UK)
- Hannaford Bros.
- The Co-Op (UK)
- The Kroger Co.
- Save Mart Supermarkets
- Weis Markets
- Price Chopper
- Meier
- Schnuck Markets Inc.
- Somerfield (UK)
- Coles Myer (AUS)
- Nexcom
- AAFES

### Convenience

- 7-Eleven
- Circle K

### Drug

- CVS
- Thrifty/Payless

## *Representative Clients*

### Mass Merchandise/ Specialty

- Linens 'n Things
- Canadian Tire Corporation (CAN)
- CTDA (CAN)
- The Limited
- HomeBase (UK)
- Zales
- Michaels
- LCBO (CAN)
- SEARS
- Family Dollar

### Wholesale/3PL

- Arthur Wells Group
- Unified Western Grocers
- Southeastern Frozen Foods
- Tibbett & Britten (Excel)

### CPG Manufacturers

- Dole Foods
- Nike Worldwide
- Sara Lee