

Retail Directions Case Study Series: June 2008

Case Study - Fletcher Jones

Summary

In 2002, iconic Australian clothing company, Fletcher Jones, appointed retail technology specialist, Retail Directions, to provide and implement a tailored retail management system to meet the evolving needs of the business. Today, Fletcher Jones uses Retail Directions' signature software programs, the Retail Management System (RMS) and the Store Management System (SMS), to manage stock across its 54 stores, as well as to measure customer response and to report accurate sales information across the organisation.

Background

Fletcher Jones is an Australian clothing retailer which supplies quality garments for men and women. The business has a long tradition. It was founded in 1918 by Bendigo local, Fletcher Jones, who entered the 'rag trade' on his return from service in World War I. The first four specialty stores were opened in Warrnambool and Hamilton in 1924, with the first Melbourne store opened in Collins St almost 20 years later, in 1946. The company then expanded interstate, opening stores in Adelaide, Sydney and Hobart.

Fletcher Jones experienced rapid growth throughout the 1950s and 1960s, employing nearly 3,000 people across its clothing manufacturing base and network of retail stores. However, in the 1980s, Fletcher Jones was challenged by the tide of cheap imports flooding the Australian market. After two changes of ownership in the early 1990s, Fletcher Jones has returned to profitability and today it is one of Australia's most recognised and trusted clothing brands.

The Challenge

Prior to engaging Retail Directions, Fletcher Jones was running an IT system that had been created in-house during the 1970s and 1980s. While this system was functionally very strong, it was also complex and unreliable; the interfaces between each system were complicated, expensive to maintain and inflexible. For example, information could only be extracted by programmers making changes to the system which was an inefficient and inaccurate method of monitoring store performance.

Fletcher Jones decided that it required a new retail management system that could be fully integrated with other systems, while providing quality management information, flexibility for users and an intuitive point-of-sale solution.

According to Richard Swann, Managing Director at Fletcher Jones, there were very few IT systems available that were able to deliver on these requirements.

“When we decided to replace our IT system, we ideally wanted a single system that would cover the business from ‘end to end’ – that is, point-of-sale, sales and stock management and financials,” Mr Swann said.

“However, as we looked around the market, we couldn’t find a system that was strong in all of these areas so we bought a finance system separately, with the understanding that it would have to interface to the retail system.”

As such, Fletcher Jones implemented a new financial system in 2000 before starting the integration with the retail management system from Retail Directions two years later.

“I was CFO when we started the process of getting board approval for a new IT system. It wasn’t easy and a number of options and different systems were considered, some more expensive than others. We did our research and looked at a number of different vendors, but agreed that the system from Retail Directions was the only one that met all of our requirements,” Mr Swann said.

The Solution

Retail Directions commenced work for Fletcher Jones in 2002, with a brief to design an IT platform which provided a high level of integration with the existing financial system, and the functionality and simplicity needed to accurately run its retail and store management reporting systems.

Retail Directions responded with its unique retail management system which would meet the company’s requirements as the business changed and developed over time, and tailored the software to meet the specific needs of the clothing retailer.

For example, the combination of trouser lengths available in the base version of the Retail Directions system was one dimensional – for example Small, Medium and Large. However, Fletcher Jones needed to track the two dimensions of their trousers, the leg length and the waist measurement. Retail Directions incorporated this additional category into the software, expanding the system to cater to Fletcher Jones’ requirements.

Fletcher Jones invested over \$1 million in the new retail management system, including new PCs for each of the 54 stores, new servers in the head office in Melbourne, and the purchase of Retail Directions' RMS and SMS systems, as well as Retail Directions' sales and stock performance analyser: Sales Cube®.

"We've been pleased with Retail Directions' software. The RMS and SMS systems provide a good level of integration with our financial system, as well as the functionality we needed for category management, range planning, purchasing, distribution, sales reporting and stock management," Mr Swann said.

In addition to purchasing the RMS and SMS systems, Fletcher Jones also implemented Sales Cube®. The Sales Cube® system is used widely throughout the business, including by store staff for point-of-sale; product managers for range management; area managers to monitor sales; warehouse staff for stock receiving, distribution and dispatch; and head office functions including finance, reporting and management.

The Benefits

A key factor in Fletcher Jones' decision to operate Retail Directions' software was the importance of implementing a system that was intuitive and easy for staff to use at a store level.

"One of the real benefits is that it takes very little time for our staff to learn how to use the point-of-sale system, and keeping training costs down was very important to us," Mr Swann said.

The quality and accuracy of the data available to the management team at Fletcher Jones has also improved significantly since implementation of the Retail Directions' system, enabling staff to respond more quickly to customer requirements.

"If a particular item is selling well, we can see it instantly and order more stock from the warehouse if necessary. Or, if a particular item is selling well in one of our stores but not in others, we can make a quick decision to move stock around," Mr Swann said.

"The Sales Cube® system also gives our managers more control and accountability. They know how to get the information they want from the system without having to ask someone else for it."

Mr Swann said other highlights of Fletcher Jones' experience with the Retail Directions system included:

- The ease of integration with the financial system;
- It has eliminated the need for different areas of the business to input information into multiple systems, and reduced the risk of human error;
- Extracting information is simple and efficient and most reports can be exported to Excel for easy analysis;
- Sales Cube® enables product managers to evaluate and monitor the performance of individual products or stores;
- Promotional offers more accurately measured according to the customer response rate; and,
- Ongoing and improved software support for staff at store level.

The Future

Fletcher Jones will continue using the Retail Directions system across its business and plans to leverage its customer database through Retail Directions software for more targeted marketing campaigns.

"It isn't easy to quantify the return on investment of the new retail management system in monetary terms, but it has certainly made the organisation much more efficient," Mr Swann said.

"Processes are more streamlined, our staff can access the information they require much more easily and we can now respond quickly to customer demands and preferences, which is so important in this very competitive industry."

"Retail Directions understands retail and I wouldn't hesitate to recommend them," Mr Swann said.

The Managing Director of Retail Directions, Andrew Gorecki said he highly values Fletcher Jones as a customer.

"Fletcher Jones is a brand that is recognised instantly in Australia. It is an organisation with a long term focus and committed management. I enjoy the opportunity to work with Richard and his team," Mr Gorecki said.