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5 keys to a successful retail program

Business cycles are getting shorter, and given the current economic challenges, companies are confronting issues they have never faced before. It is imperative for retail teams to adjust quickly to unanticipated events and embrace change in the marketplace. A high-performance retail real estate program fosters collaboration and transparency, enables smart, swift decision-making and takes a holistic, portfolio-wide approach. This paper outlines five key steps to successfully meeting your speed-to-market goals while containing costs and ensuring quality.

1. Collaborate, every step of the way

Retail program goals are often established without collaboration between the strategy and execution arms of the organization. For example, if the marketing department unilaterally identifies markets for site locations and then just turns over the information to the real estate team, these markets may not be viable from the real estate perspective. This lack of collaboration results in unneeded back and forth and, ultimately, delays. The most effective approach to establishing and meeting retail goals consists of a collaborative, cross-functional exchange between the real estate team and the other business units. Involving all of the stakeholders early secures buy-in, enables swift decision making and reduces cycle times. Further, regular meetings with team members throughout all phases of the program will foster continued collaboration and communication, which creates the flexibility needed to quickly adapt to market fluctuations and unexpected issues.

2. Build a robust pipeline

In any retail roll-out, success is measured by speed-to-market. The best way to meet your store opening goals is to have a robust pipeline. If your annual opening number is "X", your pipeline should

equal 2X. In every retail roll-out, deals will inevitably fall apart or get pushed into the next year. However, with a large sample of approvable deals, you will be able to quickly recommend alternatives. In addition, with multiple options at hand, you will have more negotiating leverage.

3. Establish critical site criteria based on store performance

Effective site selection should not involve guesswork, nor be based solely on past experience. Instead, decisions should be made according to a critical few site selection variables that have been validated through consistent data analytics. These criteria should reflect current and actual store performance data, rather than past performance or outdated theory. For example, one organization used the same criteria, year after year, for selecting new branch sites. They consistently sought end cap locations believing that visibility attracts customers and, thus, store traffic. However, a sales data analysis revealed that branches with a middle location were generating the same number of sales. The analysis also showed that the strongest link to store success was signage. Therefore, the organization adjusted their site selection criteria, and significantly reduced rental costs, while delivering portfolio-wide enhanced store performance.

4. Have ready access to project, transaction and lease data

Having access to real-time information throughout every phase of the retail roll-out helps increase predictability and eliminate unforeseen events. This transparency also allows you to anticipate potential roadblocks, proactively make adjustments and reduce costs. Retail locations represent a considerable portion of your company's spend. With a robust system that tracks, organizes, and retrieves leased and owned site data quickly and efficiently, you will have the

leverage you need when forecasting capital needs and negotiating lease terms. On the other hand, if you don't have ready access to the right data, you can miss opportunities. One company with multiple retail channels was seeking mall space for a number of stores. The company's brokers, each representing different business units, were negotiating separate deals with the same landlord. As a result, the brokers did not maximize their leverage to secure the best deal.

5. Optimize your portfolio

During challenging economic times, forward-thinking real estate executives look for opportunities across the retail portfolio, identifying both top-performing stores and under-performing stores.

During these times, landlords are anxious to lock in longer terms and are more likely to negotiate to safeguard their asset. For your top-performing stores, now is the time to exercise options early, and negotiate rent reductions and lease language improvements. Consider closing or consolidating stores that are not meeting expectations.

Today's economic and business environment is unlike any other we have experienced before. Companies that thrive are the ones that can quickly and efficiently adjust to business demands. To do this, your retail program must be nimble and flexible. By proactively assessing your program you can better position your business to respond to these unprecedented challenges.

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About Jones Lang LaSalle's Corporate Retail Solutions

Whether you manage a large portfolio of retail sites or oversee aggressive expansion plans, success is measured by speed, cost and quality. Our team of former retailers can help you develop and implement effective roll out and portfolio strategies and quickly scale your capabilities to meet the demands of rapidly changing market conditions and dramatic fluctuations in workload. Jones Lang LaSalle has a dedicated team of retail experts who specialize in:

Concept analysis

Site selection/acquisition

Facility management

Portfolio optimization

Market planning

Project management

Lease administration