Oracle® Retail Category Management

User Guide for the RPAS Fusion Client

Release 13.3

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ORACLE®

Oracle Retail Category Management User Guide for the RPAS Fusion Client, Release 13.3

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Preface

This guide describes the Category Management user interface. It provides step-by-step instructions to complete most tasks that can be performed through the user interface.

Audience

This User Guide is for users and administrators of Oracle Retail Product. This includes merchandisers, buyers, business analysts, and administrative personnel.

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For more information, see the following documents in the Oracle Retail Category Management 13.3 documentation set:

- *Oracle Retail Category Management Release Notes*
- *Oracle Retail Category Management Installation Guide*
- *Oracle Retail Category Management Configuration Guide*
- *Oracle Retail Category Management User Guide for the RPAS Classic Client*
- Oracle Retail Predictive Application Server documentation set

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- Detailed step-by-step instructions to re-create
- Exact error message received
- Screen shots of each step you take

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When you install the application for the first time, you install either a base release (for example, 13.3) or a later patch release (for example, 13.3.1). If you are installing the base release, additional patch, and bundled hot fix releases, read the documentation for all releases that have occurred since the base release before you begin installation. Documentation for patch and bundled hot fix releases can contain critical information related to the base release, as well as information about code changes since the base release.

Oracle Retail Documentation on the Oracle Technology Network

Documentation is packaged with each Oracle Retail product release. Oracle Retail product documentation is also available on the following Web site:

http://www.oracle.com/technology/documentation/oracle_retail.html

(Data Model documents are not available through Oracle Technology Network. These documents are packaged with released code, or you can obtain them through My Oracle Support.)

Documentation should be available on this Web site within a month after a product release.

Conventions

The following text conventions are used in this document:

Convention	Meaning
boldface	Boldface type indicates graphical user interface elements associated with an action, or terms defined in text or the glossary.
italic	Italic type indicates book titles, emphasis, or placeholder variables for which you supply particular values.
`monospace`	Monospace type indicates commands within a paragraph, URLs, code in examples, text that appears on the screen, or text that you enter.

1
Introduction

Effective merchandising is the cornerstone of a successful retail business because it determines the variety and presentation of merchandise, which defines the customer's in-store experience. It is one of the most important aspects of a retailer's brand image. In recent years, retailers have experienced increased difficulty in achieving desired levels of same store sales growth, gross margin, and inventory productivity. This is due, in part, to smaller buying staffs, shorter product life cycles, increasingly savvy and demanding customers, and cutthroat competition.

In light of these issues, retailers are looking to service their customers, drive profitable growth, and further differentiate themselves from the competition by tailoring their product offerings to the needs of their local customers. In the past, micro-merchandising or local market assortments were extremely complex, labor intensive, and yielded marginal results. The Category Management solution is manageable and has a positive impact on business.

Note: There are two Category Management user guides: one for the Oracle Retail Predictive Application Server (RPAS) Fusion Client and one for the RPAS Classic Client. This guide describes Category Management on the RPAS Fusion Client.

For information about Category Management on the RPAS Classic Client, see the *Category Management User Guide for the RPAS Classic Client*.

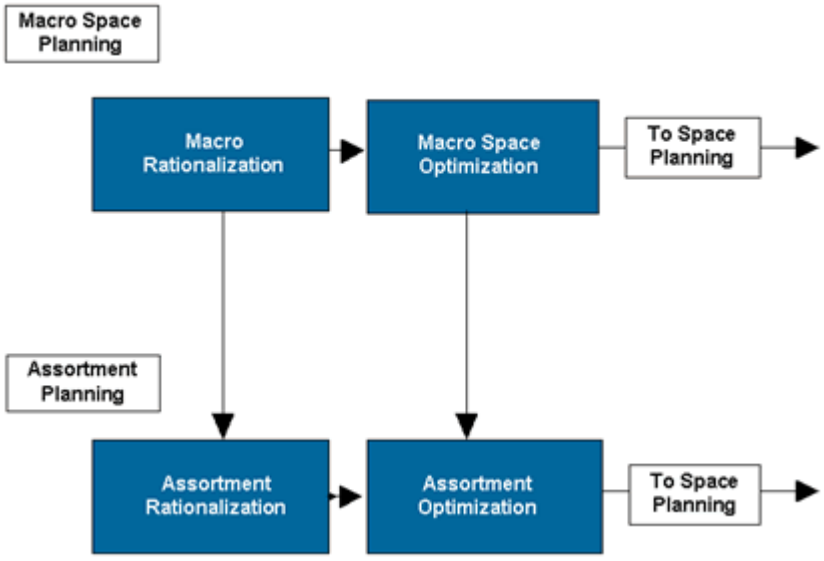
Category Management functionality was developed to address the crucial process of determining four primary merchandising dimensions:

- Categories of merchandise carried within a store
- Space allocated to each category of merchandise
- Assortment of items carried in each category
- Space allocated to each item in each category

Category Management Business Process

The diagram below illustrates the process flow used for Category Management.

Figure 1–1 Category Management Business Process



About Measures

There are four components used in constructing measures. When concatenated together, all four classifications become known as a single measure. It is optional whether all of the components are visible in the measure label. The four components (in order of measure label sequence) for a measure are as follows:

- Role
- Version
- Metric
- Units of Measure

Roles

Roles are typically defined by your role as a user of the Category Management solution. These roles typically align with the organizational structure.

- Executive (AEx)
- Manager (AMg)
- Planner (APl)
- KeyPlan Planner (KPl)
- TopPlan Planner (TPl)

Versions

Versions are used to provide separate views to measures, which mean the same, but may have separate sources or timeframes. An example of a version is last year (Ly). Sales for this year (Wp) and last year (Ly) are intended to be compared as the same measure, but they need to be distinguished from one another. In order to do so, Sales for this year are labeled as Wp Sales, while sales for last year are labeled as Ly Sales.

The following versions are found in Category Management:

- Wp (Working plan, also known as this year)
- Ly (Last year)
- Fcst (Forecast)
- Opt (Optimal)
- Adm (Administrative)

Metrics

Metrics are used to describe what is being viewed or calculated. There are several metrics used in Category Management. They are identified throughout this user guide. The following key metrics found in Category Management:

- Sales
- Average inventory
- Gross margin
- Net margin
- GMROI

Units of Measure

Units of measure serve to further define a metric. Examples of Category Management units of measure and their meaning are found in Table 1–1.

Table 1–1 Units of Measure

Unit of Measure Labels	Unit of Measure Description
Ac	Average unit cost
Ar	Average unit retail
B	Boolean (True / False)
C	Cost value
Cp	Cost percent
R	Retail value
Rp	Retail percent
Sl	Select
Tx	Text
U	Units
U%	Unit percent
X	No units
Xp	No units percent

Using the information above, here are a couple of examples of measure labels:

APl Wp Sales U = Assort Planner working plan unit sales

APl Ly Sales C = Assort Planner last year sales at cost

2

Administration

The Administrative task in the Category Management activity is used to define the corporate guidelines and data required for assessment and optimization. It has steps and views that mirror the Category Management workflow. Each view requires the entry of corporate level data. As such, an administrator would manage and maintain this workbook.

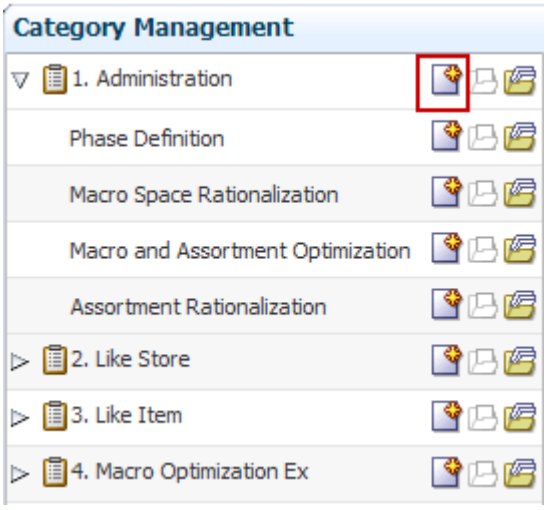
Phase definition is done from the Hierarchy Maintenance task in the Administration activity. Phase is available as a user-defined dimension. All other administrative parameters are set in this Administration task.

Create Administration Workbook

To create an Administration workbook, perform the following steps:

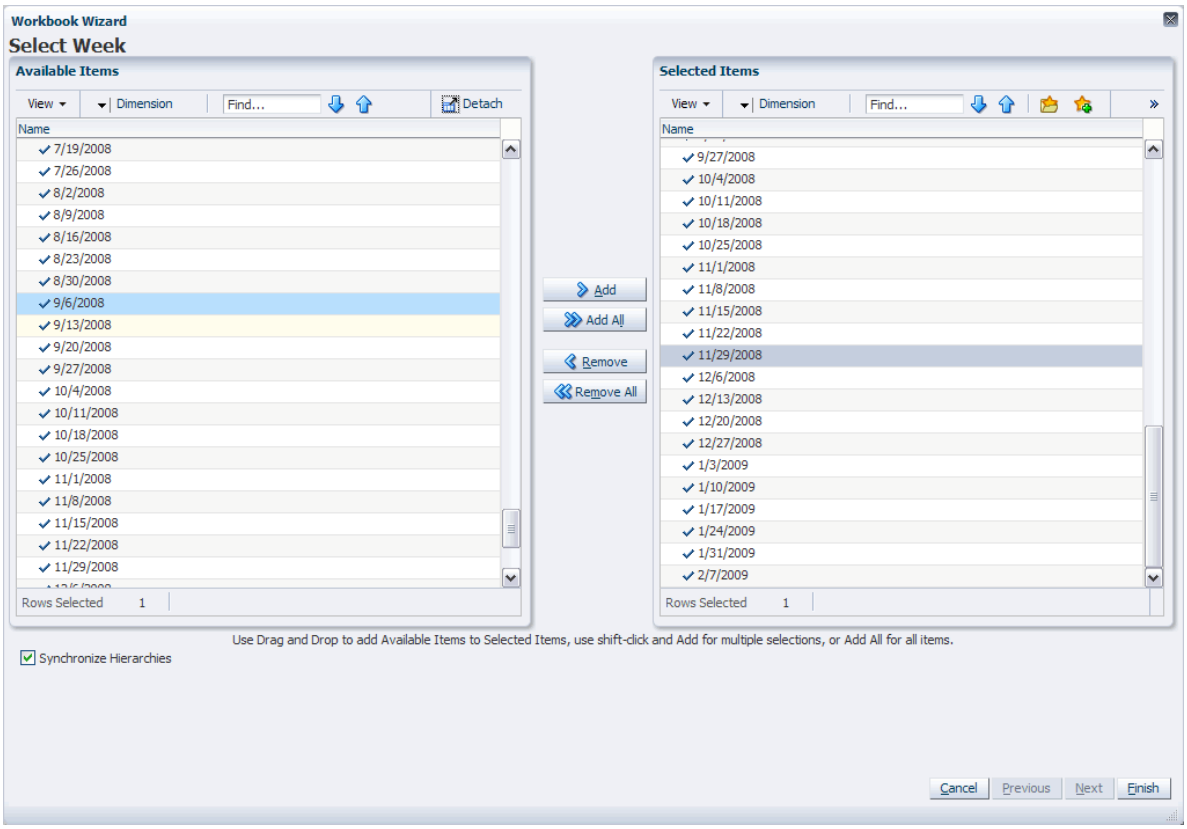
1. Click the **New Workbook** icon in the Administration task.

Figure 2–1 Administration Task



2. Select weeks for which you want to view phases. Click **Finish**.

Figure 2–2 Administration Wizard - Select Week



The Administration workbook is built.

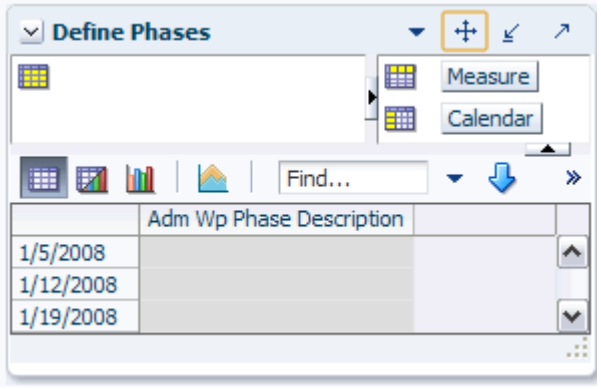
Phase Definition Step

This step contains one view: Define Phases.

Define Phases View

This view displays phases defined in the Hierarchy Maintenance task. This is a read-only view.

Figure 2–3 Define Phases View



After reviewing the phases, continue to the Macro Space Rationalization Step.

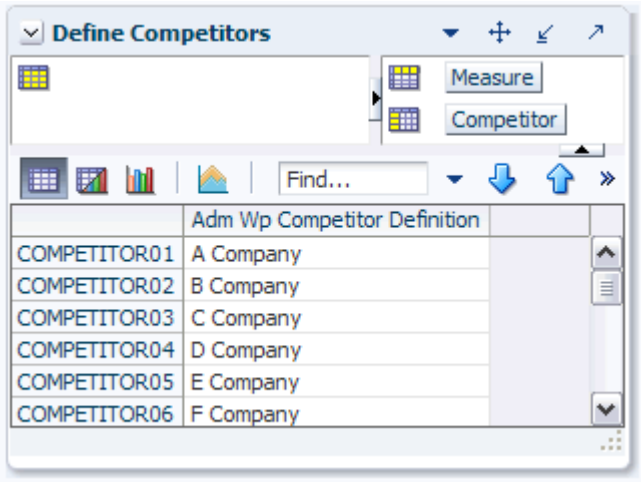
Macro Space Rationalization Step

The views in the Macro Rationalization step support the Consumer Analysis Step of the Macro Rationalization task.

Define Competitors View

This view supports the definition of corporate competitors. After they are defined, these competitors appear in the Macro Rationalization Wizard - Select Competitor step.

Figure 2–4 Define Competitors View



To define competitors, perform the following steps:

1. Enter competitor names using the ADM Wp Competitor Definition measure.
2. Click **Calculate** to apply the information.

Table 2–1 lists the measure in this view.

Table 2–1 Define Competitors View Measures

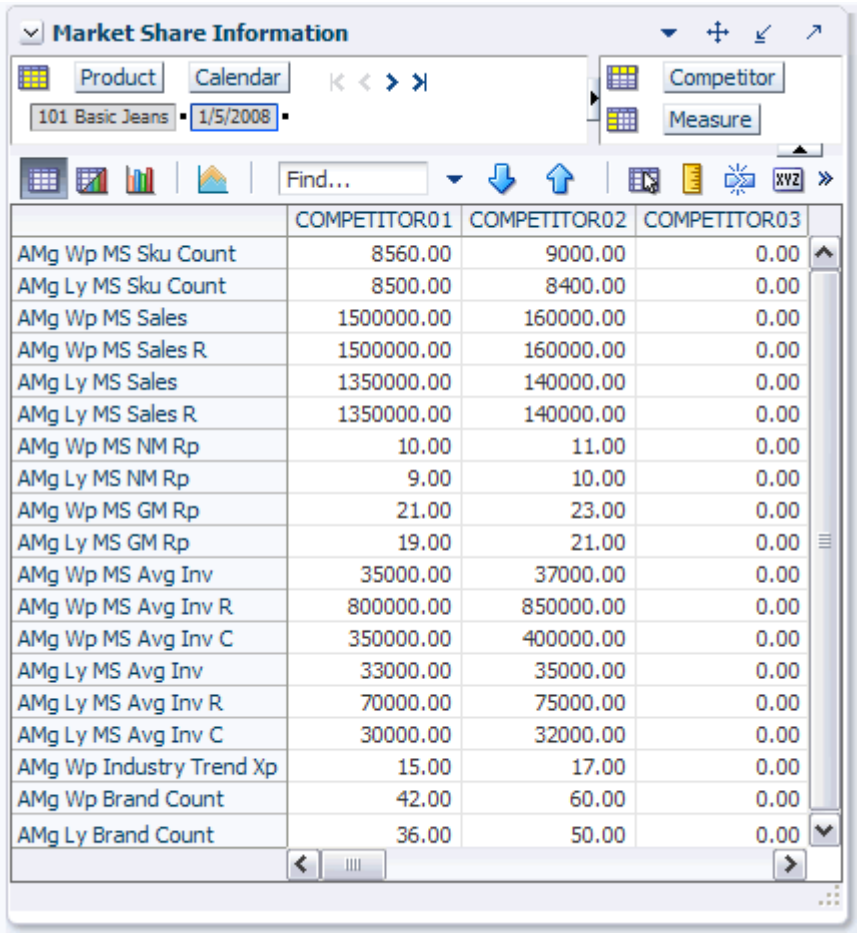
Measure	Description
Adm Wp Competitor Definition	Text field used for defining competitors.

After you have finished defining the competitors, continue to the Market Share Information View.

Market Share Information View

Use this view to enter market share information by category.

Figure 2–5 Market Share Information View



	COMPETITOR01	COMPETITOR02	COMPETITOR03
AMg Wp MS Sku Count	8560.00	9000.00	0.00
AMg Ly MS Sku Count	8500.00	8400.00	0.00
AMg Wp MS Sales	1500000.00	160000.00	0.00
AMg Wp MS Sales R	1500000.00	160000.00	0.00
AMg Ly MS Sales	1350000.00	140000.00	0.00
AMg Ly MS Sales R	1350000.00	140000.00	0.00
AMg Wp MS NM Rp	10.00	11.00	0.00
AMg Ly MS NM Rp	9.00	10.00	0.00
AMg Wp MS GM Rp	21.00	23.00	0.00
AMg Ly MS GM Rp	19.00	21.00	0.00
AMg Wp MS Avg Inv	35000.00	37000.00	0.00
AMg Wp MS Avg Inv R	800000.00	850000.00	0.00
AMg Wp MS Avg Inv C	350000.00	400000.00	0.00
AMg Ly MS Avg Inv	33000.00	35000.00	0.00
AMg Ly MS Avg Inv R	70000.00	75000.00	0.00
AMg Ly MS Avg Inv C	30000.00	32000.00	0.00
AMg Wp Industry Trend Xp	15.00	17.00	0.00
AMg Wp Brand Count	42.00	60.00	0.00
AMg Ly Brand Count	36.00	50.00	0.00

To enter market information, perform the following steps:

1. Enter category level competitive information by using the key performance measures provided.
2. Click **Calculate** to apply the data.

Table 2–2 lists the measures in this view.

Table 2–2 Market Share Information View Measure

Measure	Description
Brand Count	The number of brands carried in the category.
MS SKU Count	The number of SKUs carried in the category.
Industry Trend	Category penetration, by competitor, expressed as a percentage.
MS Sales	Market share sales.
MS Ave Inv	Market share average inventory.
MS GM	Market share gross margin.

Table 2–2 (Cont.) Market Share Information View Measure

Measure	Description
MS NM	Market share net margin.

Macro and Assortment Optimization Step

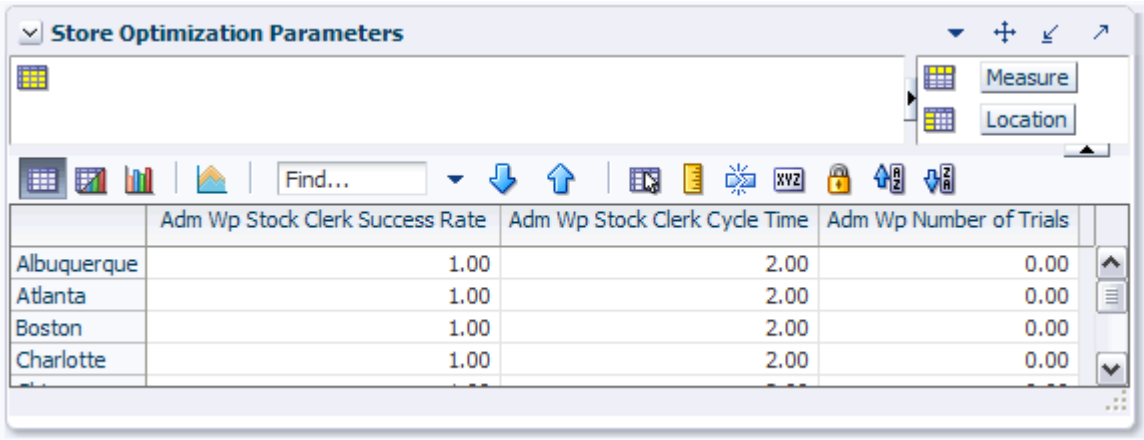
The data and constraints required for optimization are set in this step, which contains following views:

- Store Optimization Parameters View
- Store Operating Hours View
- Planogram Properties Ex View
- Planogram Properties View
- Item Planogram Association View
- Store Planogram Size View

Store Optimization Parameters View

Use this view to enter the store optimization parameters for each store.

Figure 2–6 Store Optimization Parameters View



To enter the store optimization parameters, perform the following steps:

1. Enter the average number of hours between re-stocking events in the Adm Wp Stock Clerk Cycle Time measure.
2. In the Adm Wp Stock Clerk Success Rate measure, enter the probability rate at which the clerk is successfully able to re-stock shelves when they are below the minimum.
3. Click **Calculate** to apply the data.

Table 2–3 lists the measures in this view.

Table 2–3 Store Optimization Parameters View Measures

Measure	Description
Stock Clerk Cycle Time	Average number of hours between re-stocking events.

Table 2–3 (Cont.) Store Optimization Parameters View Measures

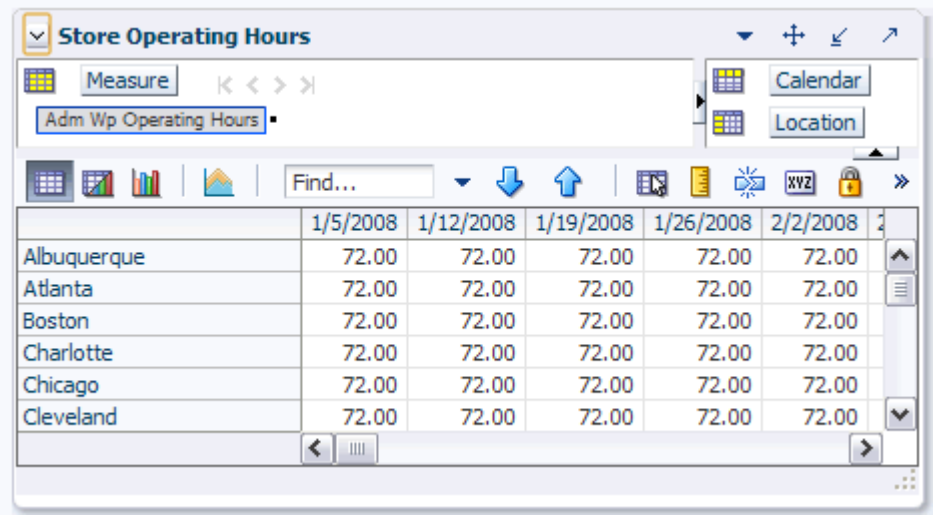
Measure	Description
Stock Clerk Success Rate	Probability rate that the stock clerk successfully replenishes items when they fall below minimum presence.

After entering the store optimization parameters, continue to the Store Operating Hours View.

Store Operating Hours View

Use this view to enter the operating hours for each store.

Figure 2–7 Store Operating Hours View



To enter the store operating hours, perform the following steps:

1. In the Adm Wp Operating Hours measure, enter the average number of hours per week that the store is open.

> **Note:** Using a smart edit is helpful, especially if all stores within a position of the location dimension have the same number of hours. At the parent level, enter the numeric value followed by "r". The value entered replicates to each store. The total number of hours appears at the parent level.

2. Click **Calculate** to apply the data.

Table 2–4 lists the measures in this view.

Table 2–4 Store Operating Hours View Measures

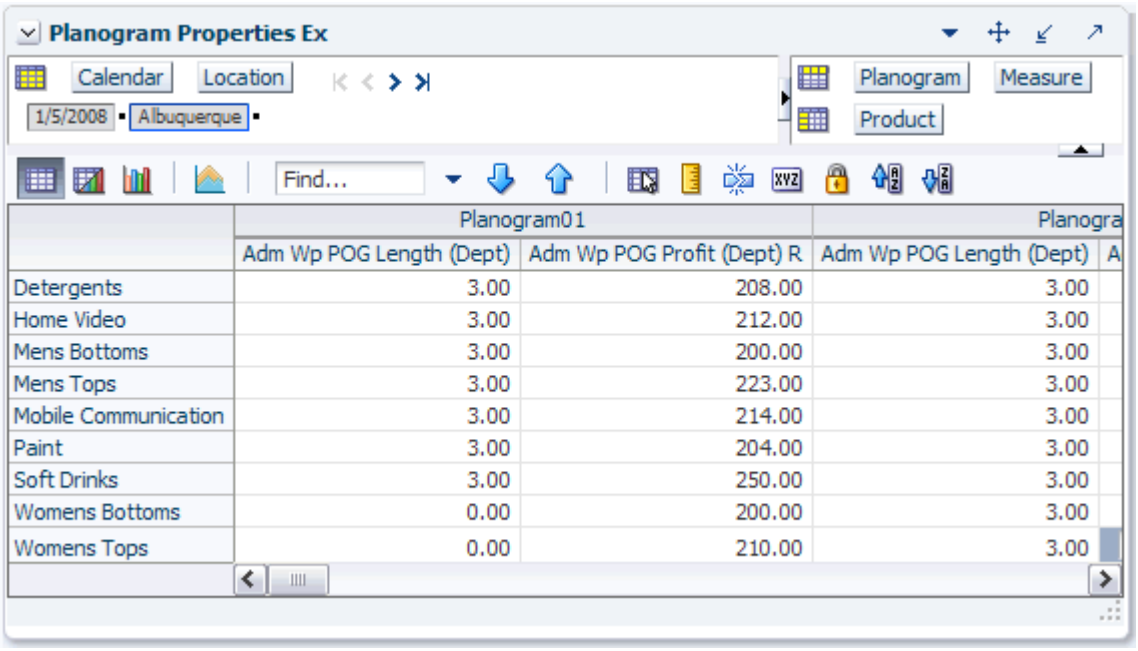
Measure	Description
Operating Hours	Average number of hours per week that a store is open for business.

After entering the store hours, continue to the Planogram Properties Ex View.

Planogram Properties Ex View

Use this view to enter the planogram properties. This information is used in the Macro Optimization task.

Figure 2–8 Planogram Properties Ex View



To enter the planogram properties, perform the following steps:

1. Enter the space options in the Adm Wp POG Length (Dept) measure.
2. Enter the expected return in values for each of the space amounts in the Adm Wp POG Profit (Dept) measure.
3. Click **Calculate** to apply the data.

Table 2–5 lists the measures in this view.

Table 2–5 Planogram Properties Ex View Measures

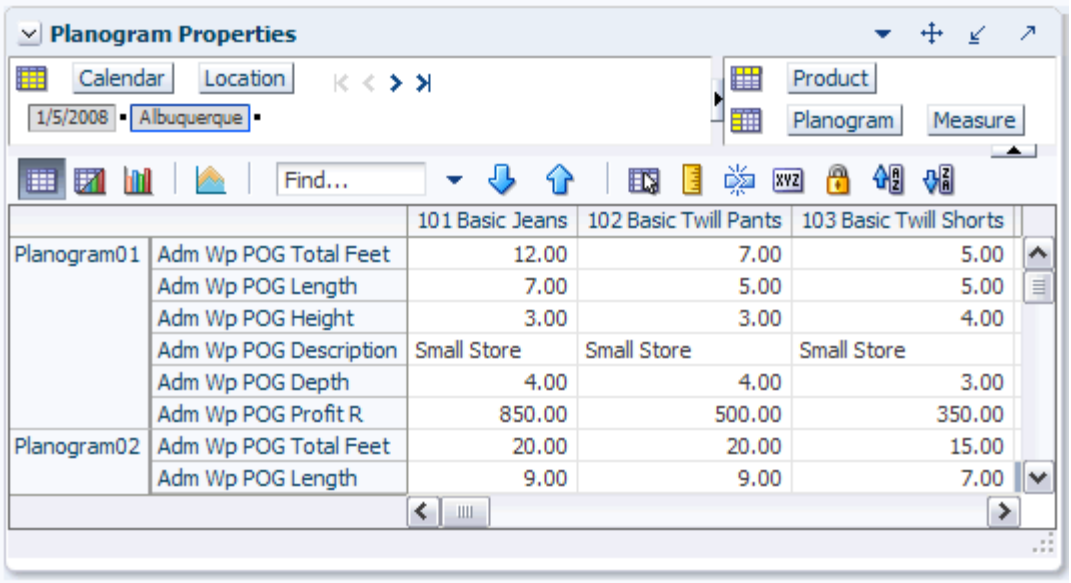
Measure	Description
POG Length (Dept.)	Space amount options to be used in Macro Space Optimization. This measures exits at the department and above levels of the product dimension.
POG Profit (Dept.)	Expected return expressed in values for each space amount option in the POG length (Dept.) measure. This measures exits at the department and above levels of the product dimension.

After entering the planogram properties, continue to the Planogram Properties View.

Planogram Properties View

Use this view to enter the planogram properties. This information is used in the Macro Optimization task.

Figure 2–9 Planogram Properties View



		101 Basic Jeans	102 Basic Twill Pants	103 Basic Twill Shorts
Planogram01	Adm Wp POG Total Feet	12.00	7.00	5.00
	Adm Wp POG Length	7.00	5.00	5.00
	Adm Wp POG Height	3.00	3.00	4.00
	Adm Wp POG Description	Small Store	Small Store	Small Store
	Adm Wp POG Depth	4.00	4.00	3.00
	Adm Wp POG Profit R	850.00	500.00	350.00
Planogram02	Adm Wp POG Total Feet	20.00	20.00	15.00
	Adm Wp POG Length	9.00	9.00	7.00

To enter the planogram properties, perform the following steps:

1. Enter the space options in the Adm Wp POG Length measure.
2. Enter the expected return in values for each of the space amounts in the Adm Wp POG Profit measure.
3. Click **Calculate** to apply the data.

Table 2–6 lists the measures in this view.

Table 2–6 Planogram Properties View Measures

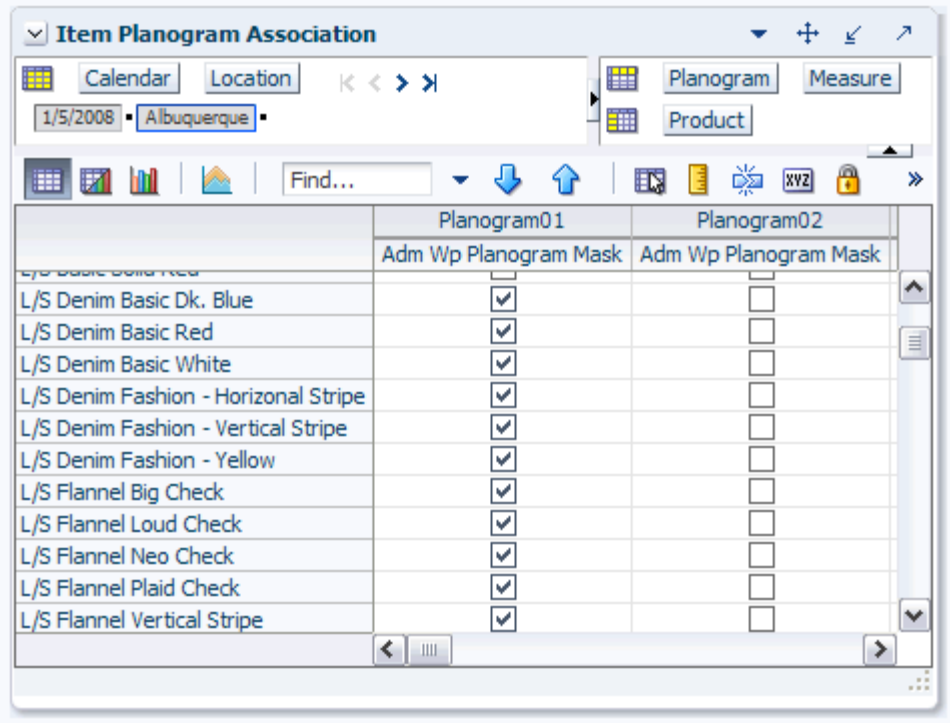
Measure	Description
POG Length	Space amount options to be used in Macro Space Optimization. This measures exits at the sub-category to department levels of the product dimension.
POG Profit	Expected return expressed in values for each space amount option in the POG length measure. This measures exits at the sub-category to department levels of the product dimension.

After entering the planogram properties, continue to the Item Planogram Association View.

Item Planogram Association View

Use this view to assign a planogram to each item.

Figure 2–10 Item Planogram Association View



To assign a planogram to the items, perform the following steps:

1. Assign each item to its associated planogram by selecting the AdmWp Planogram mask measure.
2. Click **Calculate** to apply the data.

Table 2–7 lists the measures in this view.

Table 2–7 Item Planogram Association View Measure

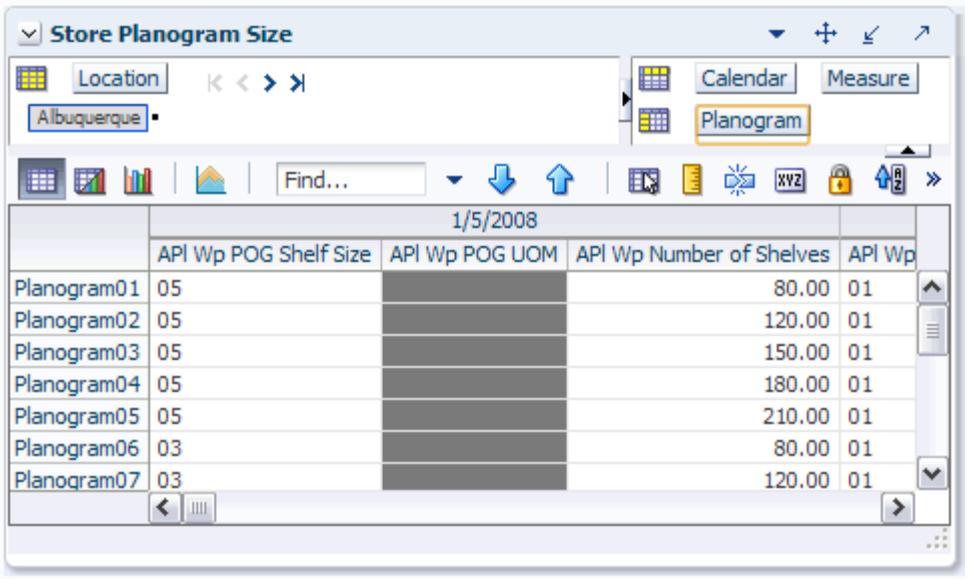
Measure	Description
Planogram Mask	Measure containing the item to planogram assignment information. For example, 12oz CranBerry Juice is assigned to both Planogram01 and Planogram02. 12oz. Diet Lemonade Tea is only assigned to Planogram01.

After assigning planograms to items, continue to the Store Planogram Size View.

Store Planogram Size View

If an item is assigned to more than one planogram at the time of optimization, the system expects a forecasted demand by planogram for each item. This information can either be provided by loading this information from an external system or by configuring a workflow such that item level demand is spread down to item/planogram level demand on a percentage basis, for example, 20% to planogram 01 and 80% to planogram 02, and so on. This is achieved by configuring a workbook or view where users or administrators inTo put these spreading percentages and RPAS rules perform the actual spreading.

Figure 2–11 Store Planogram Size View

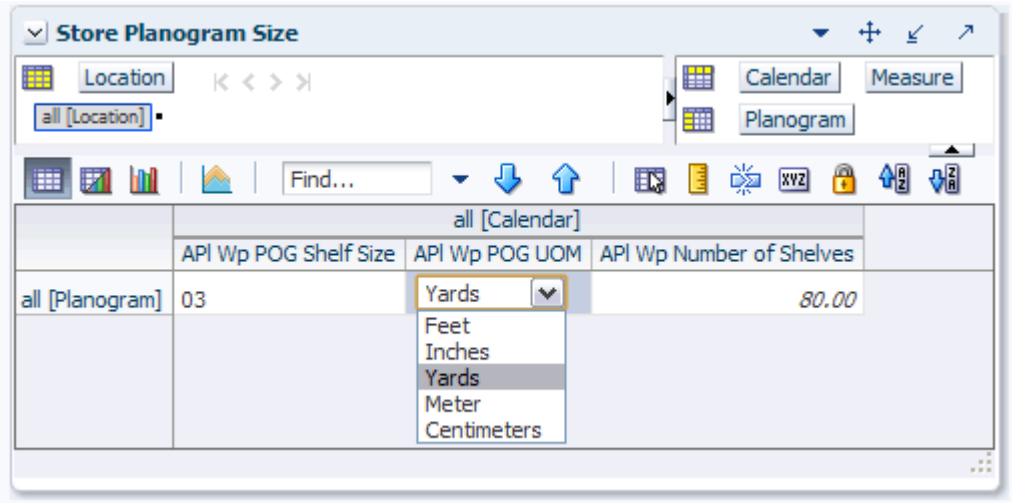


To assign percentages to the planograms, perform the following steps:

1. Assign a number of shelves (API Wp Number of Shelves) and a shelf size (API Wp POG Shelf Size) to each planogram.

2. Roll up the view to all calendar/all location/all planogram and assign the Planogram shelf size unit in API Wp POG UOM.

Figure 2–12 Store Planogram Size View, All Levels



3. Click **Calculate** to apply the data.

Table 2–8 lists the measures in this view.

Table 2–8 Store Planogram Size View Measures

Measure	Description
Number of Shelves	Measure containing the number of shelves in each planogram.
POG Shelf Size	Measure containing the shelf length in each planogram.
POG UOM	Measure containing the shelf length unit for each planogram.

After setting the planogram information, continue to the Assortment Rationalization Step.

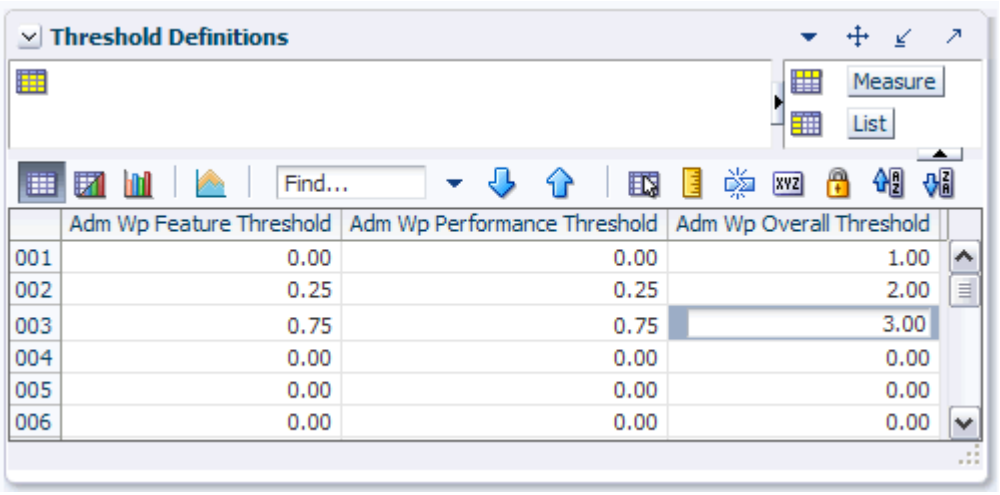
Assortment Rationalization Step

The views in this step support the Assortment Rationalization step by defining thresholds that are used in deriving item rankings and defining corporately determined attributes.

Threshold Definition View

Use this view to set the feature, performance, and overall break points.

Figure 2–13 Threshold Definitions View



To set the threshold definitions, perform the following steps:

1. Enter the lowest numerical value, within a range of 0 and1, for breakpoints in the Adm Wp Feature Threshold and Adm Wp Performance Threshold measures.

   Note: For example, if you wanted to have 3 breakpoints, using 0-.24 for low, .25-.74 for medium, and .75- 1.00 for high, 0 would be entered as the first, .25 would denote the second, and .75 would designate the third. Thresholds are used in determining the rank of an item as described in the Assortment Rationalization chapter.

2. Enter the break points into the Adm Wp Overall Threshold. These breakpoints should range from 1 (low) to 3 (high). As with the measures above, the lower of the range should be entered at each breakpoint.
3. Click **Calculate** to apply the data.

Table 2–9 lists the measures in this view.

Table 2–9 Threshold Definitions View Measures

Measure	Description
Feature Threshold	Breakpoints ranging between 0-1 (low to high) used in determining item rank.
Performance Threshold	Breakpoints ranging between 0-1 (low to high) used in determining item rank.

Table 2–9 (Cont.) Threshold Definitions View Measures

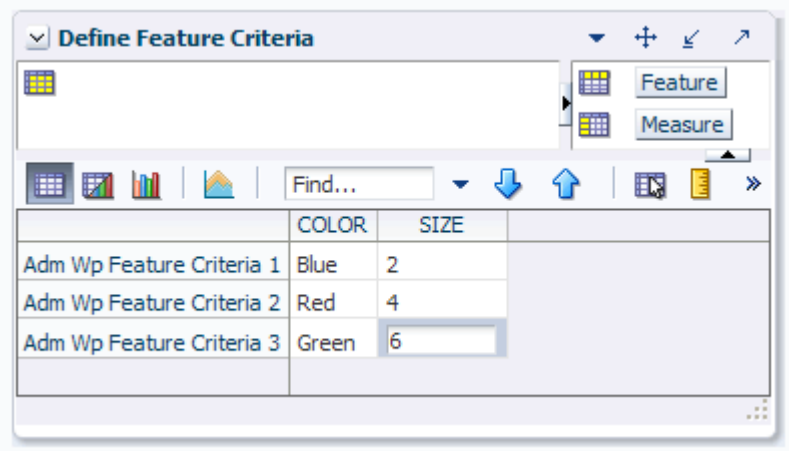
Measure	Description
Overall Threshold	Breakpoints ranging between 1-3 (high to low) used in determining item overall rank.

After you have finished setting the thresholds, continue to the Define Feature Criteria View.

Define Feature Criteria View

Use this view to define the color and size features.

Figure 2–14 Define Feature Criteria View



To set the color and size features, perform the following steps:

1. Review previously defined types of feature attributes.
2. Enter in the significant attribute features for each feature type.

> **Note:** The significant attributes are for reference only. They play no role in determining item rank other than to remind you that they are important to the corporate strategy. It is the understanding that an item has none or more of the attribute types that is weighed in the ranking.

3. Click **Calculate** to apply the data.

Next Steps

After completing all of the administrative steps, commit the workbook. Then, continue to the Like Store and Like Item tasks to assign like stores and items.

3

Like Store

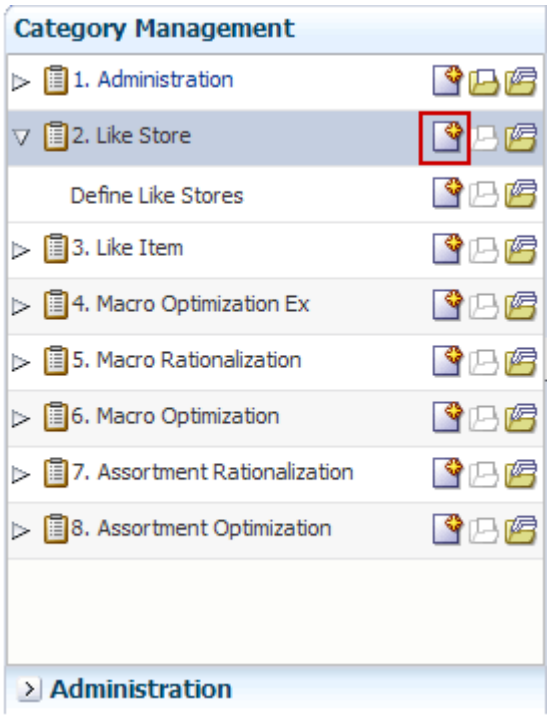
Occasionally, you may want to include new stores in the optimization routine. These placeholder stores can be identified by using the Like Store workbook. For a forecast to be generated, the Like Store workbook also facilitates the mapping history from one store to another. After identified and mapped to a like store, a new store may be included in the space and assortment optimization routines.

Create Like Store Workbook

To create the Like Store workbook, perform the following steps:

1. Click the **New Workbook** icon in the Like Store task.

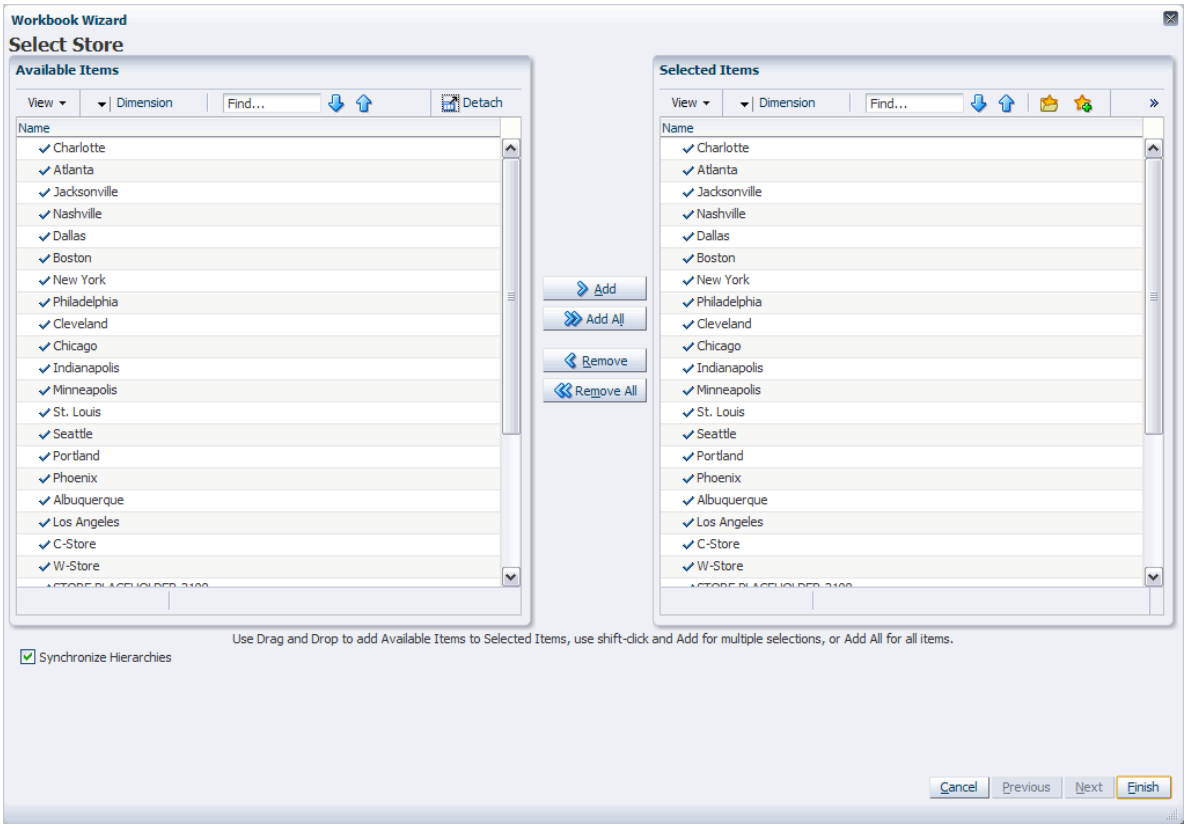
Figure 3–1 Like Store Task



2. Select the previously created placeholders and the existing stores to which they are mapped. Click **Finish**.

Note: The selected preexisting stores appear in the pick list of stores available for mapping.

Figure 3–2 Like Store Wizard - Select Store



The Like Store workbook is built.

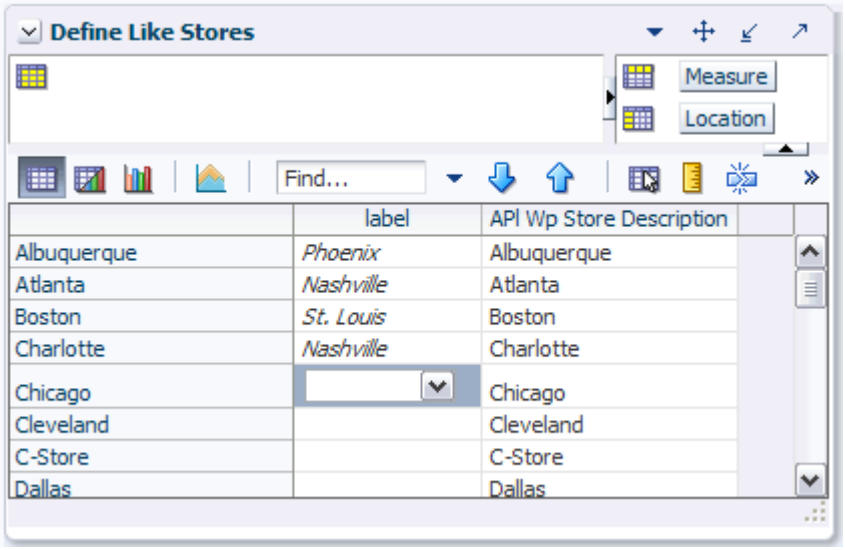
Define LIke Stores Step

This step has one view: Define Like Stores.

Define Like Stores Step

Use this view to map new stores and placeholder stores to like stores.

Figure 3–3 Define Like Stores View



To map like stores, perform the following steps:

1. Enter a description for the placeholder store in the API Wp Store Description measure.
2. From the list of stores available in the pick list, select the existing stores whose history is mapped to the newly described placeholder store.
3. Click the **Like Store Mapping** button in the upper right corner.

Figure 3–4 Like Store Mapping Button

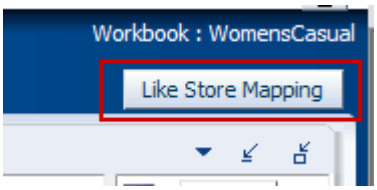


Table 3–1 lists the measures in this view.

Table 3–1 Define Like Stores View Measures

Measure	Description
Store Description	Text field used for naming the placeholder stores.
Label	Select the like store to map its history to the new or placeholder store.

Next Steps

When finished assigning like stores, save and commit the workbook and continue to the Like Item task.

4

Like Item

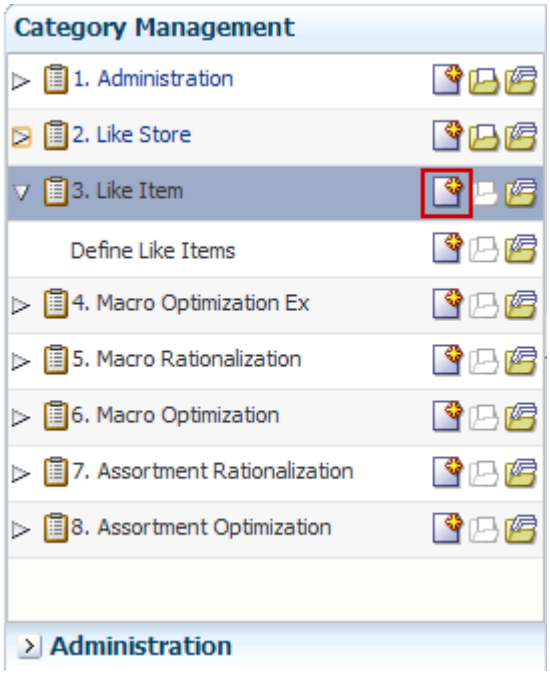
Occasionally, you may want to include new items in the rationalization and optimization routines. These placeholder items may be identified by using the Like Item workbook. For a forecast to be generated, the Like Item workbook also facilitates the mapping history from one item to another. After identified and mapped to a like item, a new item may be included in the assortment rationalization and optimization routines.

Create Like Item Workbook

To create the Like Item workbook, perform the following steps:

1. Click the **New Workbook** icon in the Like Item task.

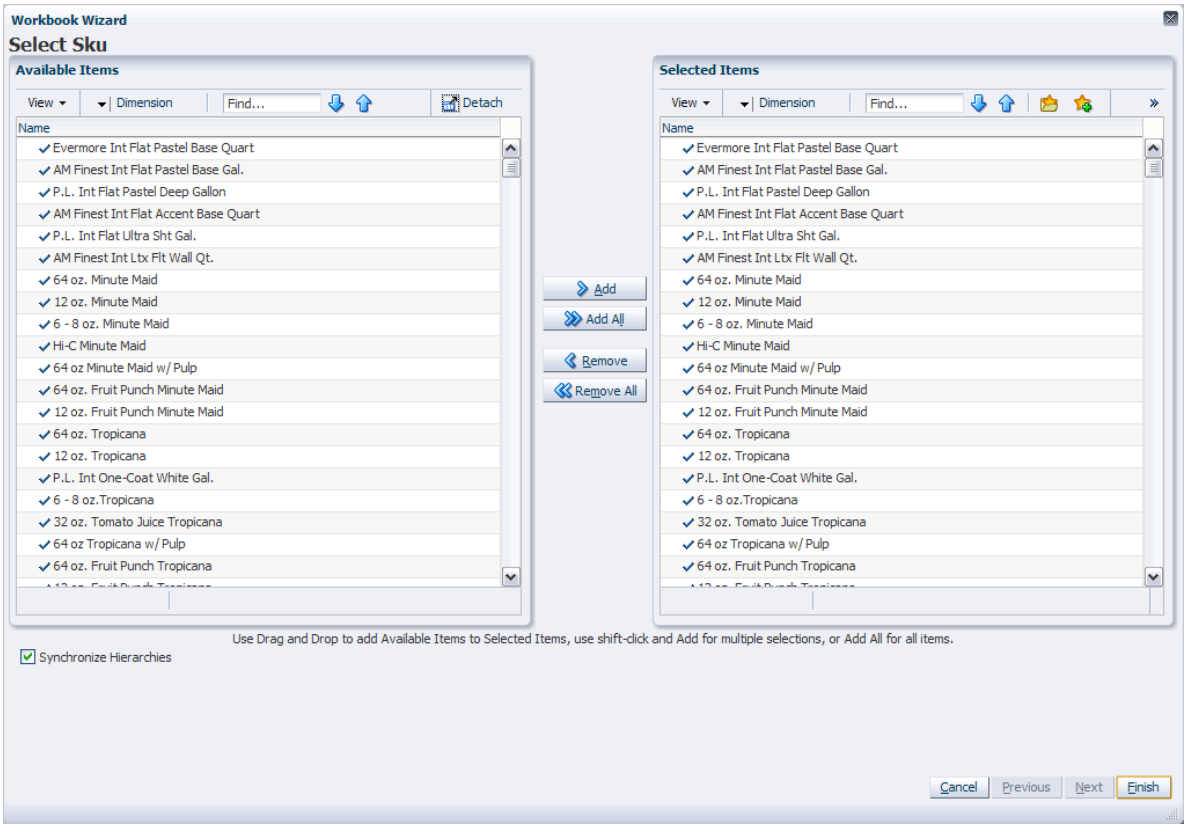
Figure 4–1 Like Item Task



2. Select the previously created placeholders and the existing items to which they are mapped. Click **Finish**.

Note: The selected pre existing items appear in the pick list of stores available for mapping.

Figure 4–2 Like Item Wizard - Select SKU



The Like Item workbook is built.

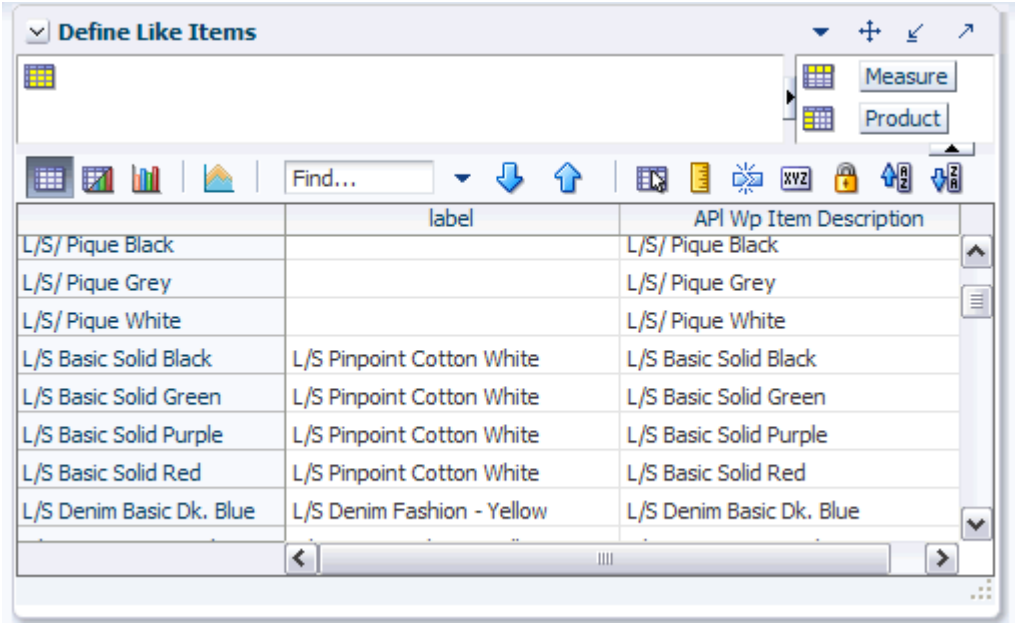
Define Like Items Step

This step has one view: Define Like Items.

Define Like Items View

Use this view to define the like items for the placeholder items. This allows the placeholder items to have the same history as the like items.

Figure 4–3 Define Like Items View



To assign like items, perform the following steps:

1. Enter a description for the placeholder item in the API Wp Item Description measure.
2. From the list of items available in the pick list, select the existing items whose history is mapped to the newly described placeholder item.
3. Click the **Like Item Mapping** button in the upper right corner.

Figure 4–4 Like Item Mapping Button

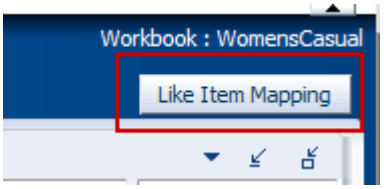


Table 4–1 lists the measures in this view.

Table 4–1 Define Like Items View Measures

Measure	Description
Item Description	Text measure used for naming the placeholder item.

Table 4–1 (Cont.) Define Like Items View Measures

Measure	Description
Label	Select the like item to map its history to the new or placeholder item.

Next Steps

When finished assigning like items, save and commit the workbook and continue to the Macro Optimization task.

5

Macro Optimization

Macro Optimization occurs on two levels of the product dimension. The first level is typically at the department level and above. The second is sub-category to department level. Each level is distinguished from the other through the assignment of roles (executive at the highest level and manager at the level below) and through separate workbooks. The processes and metrics in each workbook are the same. The measures are distinguished by role with AEx (Assort Executive) in the Macro Optimization Ex workbook and AMg (Assort Manager) in the Macro Optimization workbook.

> **Note:** The executive user is thought to be most interested in the allocation of square footage. The manager role is typically concerned with the base linear footage derived in collaboration with space planning organization. For the purposes of optimization, there is no understanding of square or base linear footage. The space measure used in the optimization routine recognizes the number numeric value entered, not its intent.

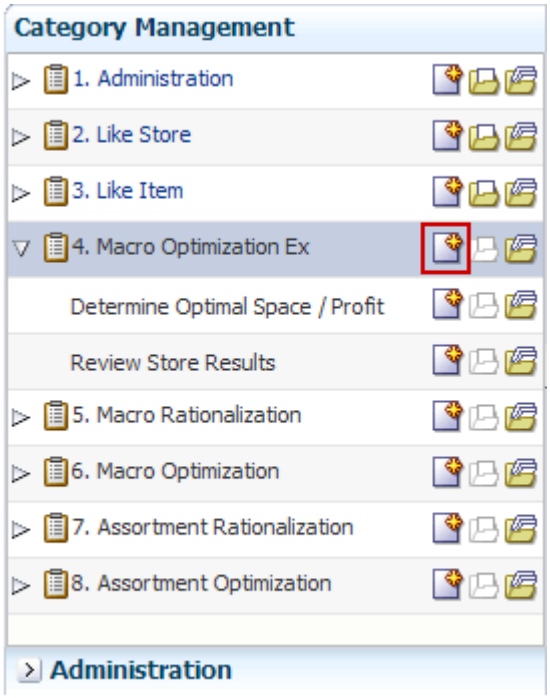
For the purposes of this documentation, both the Macro Optimization Ex workbook and Macro Optimization workbook are detailed in this chapter.

Create Macro Optimization Workbook

To build the Macro Optimization workbook, perform the following steps:

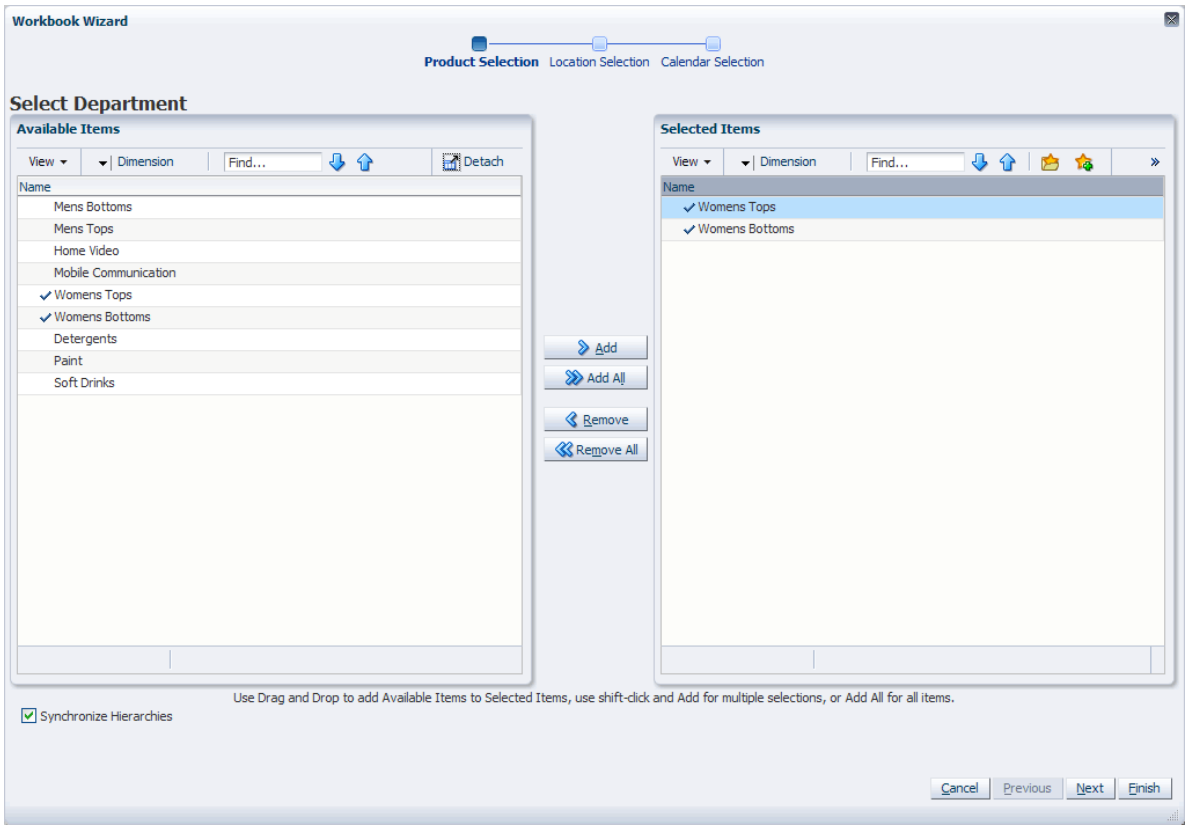
1. Click the **New Workbook** icon in the Macro Optimization Ex task.

Figure 5–1 Macro Optimization Ex Task



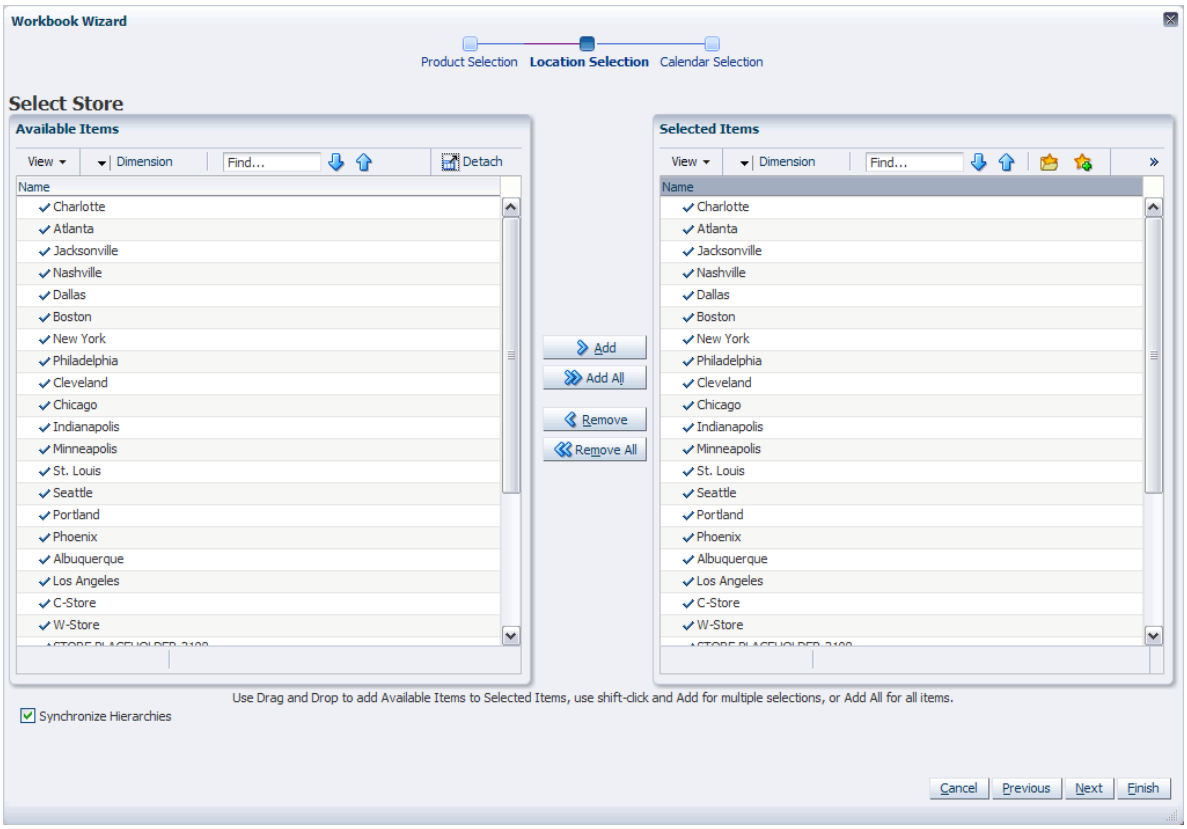
2. The Macro Optimization Ex wizard opens. Select the departments you want to optimize and click **Next**.

Figure 5–2 Macro Optimization Ex Wizard - Select Department



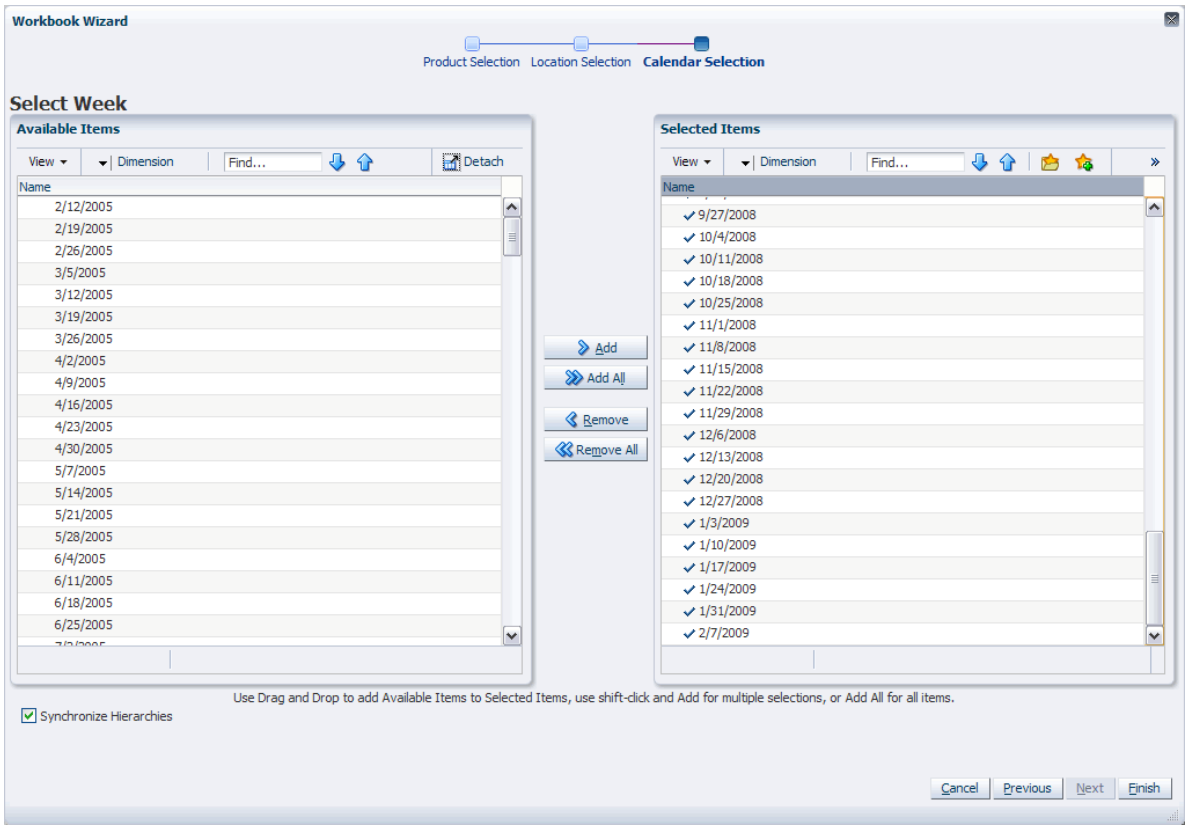
3. Define the locations to be optimized. Click **Next**.

Figure 5–3 Macro Optimization Ex Wizard - Select Store



4. Select the weeks to optimize and click **Finish**.

Figure 5–4 Macro Optimization Ex Wizard - Select Week



The Macro Optimization Ex workbook is built.

Determine Optimal Space / Profit Step

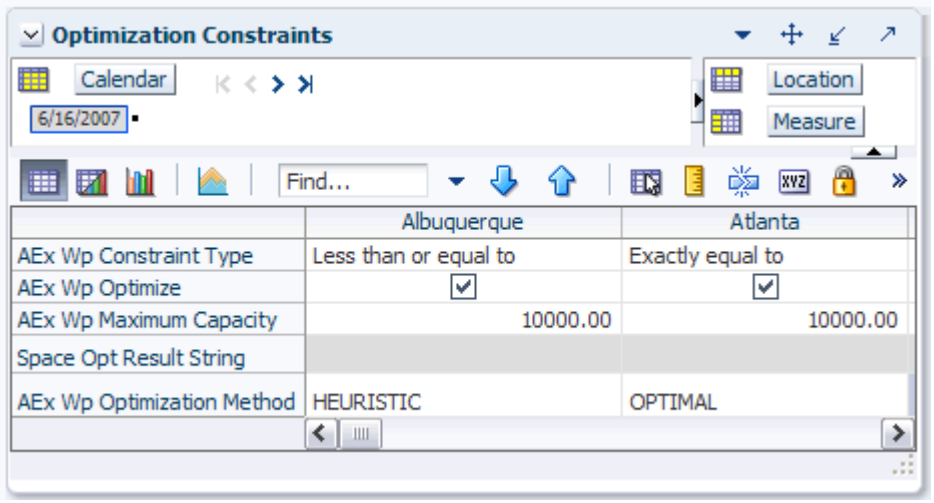
The views in this step allow you to manipulate optimization constraints, review, and assess the results of the optimization routine. The results of this step are viewed at aggregated levels, such as store cluster and phase. This step contains two views:

- Optimization Constraints View
- Optimize Space and Profit View

Optimization Constraints View

Use this view to identify the constraints for each location.

Figure 5–5 Optimization Constraints View



To identify the optimization constraints for locations, perform the following steps:

1. Select the constraint type in the AEx Wp Constraint Type measure.
2. Enter the maximum space available for optimization in the AEx Wp Maximum Capacity measure.
3. Click **Calculate** to apply data entered.

> **Note:** The Optimize check box measure is not used until all optimization information is provided in the Optimize Space and Profit View.

Table 5–1 lists the measures in this view.

Table 5–1 Optimization Constraints View Measures

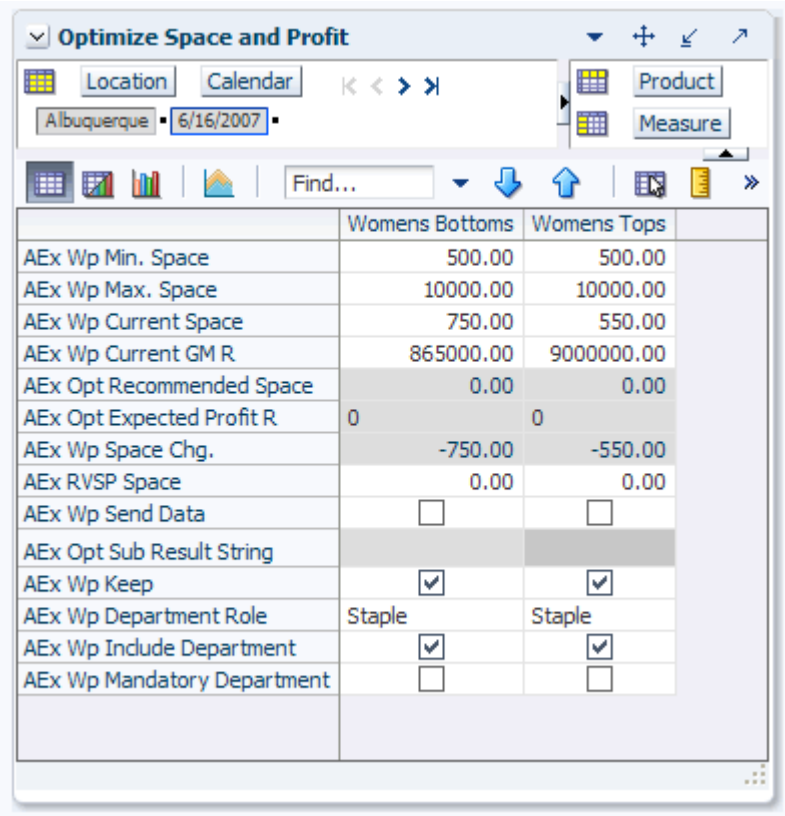
Measure	Description
Constraint Type	Constraint type is a single select drop down list that consists of two options: ▪ Choosing **less than or equal to** produces the highest profit recommendation, which is based on using less space than or equal to the space constraint. ▪ Choosing **exactly equal to** forces the optimization routine to choose the highest profit using the exact amount of space provided by the constraint.
Maximum Capacity	The maximum space available to be allocated.
Optimize	Check box measure that must be initialized to produce optimization results.

Next, continue to the Optimize Space and Profit View.

Optimize Space and Profit View

Use this view to define the space and profit optimization parameters.

Figure 5–6 Optimize Space and Profit View

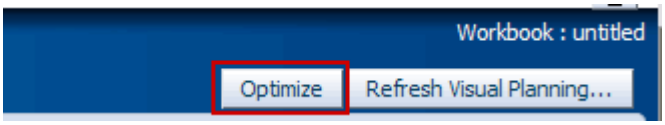


To define the space and profit parameters, perform the following steps:

1. Review AEx Wp Department Role as designated in the Macro Rationalization task.
2. Enable AEx Wp Include Department check box measure if the category should be included in the optimization routine.

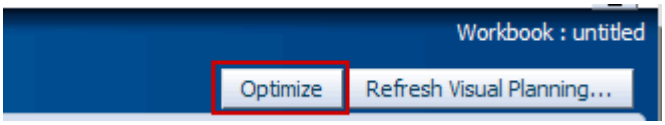
3. Review the AEx Wp Keep measure and the AEx Wp Mandatory Department check box measure as designated in the Macro Rationalization task.
4. Review AEx Wp Current Space and AEx Wp Current GM R measures.
5. Review the AEx Opt Recommended Space measure from a visual store planning application.
6. In the AEx Wp Min. Space and AEx Wp Max. Space measures, enter a numeric values for the space requirements.
7. Click **Calculate** to apply inputs.
8. Return to the Optimization Constraints View. Enable the Optimize check box and click **Calculate** to apply.
9. Click the **Optimize** button in the upper right corner.

Figure 5–7 Optimize Button



10. Return to the Optimize Space and Profit View.
    a. Review optimized results AEx Opt Expected Profit R and AEx Opt Recommended Space measures.
    b. Review AEx Wp Space Chg. measure.
    c. Compare the AEx Opt Expected Profit R measure to the AEx Wp Current GM R target from the financial planning process.
    d. Review and adjust optimization inputs as needed.
    e. Click **Calculate** to apply changes.
11. Return to the Optimization Constraints View. Enable the Optimize check box, and click **Calculate** to apply.
12. Click the **Optimize** button in the upper right corner to re-initialize the optimization routine.

Figure 5–8 Optimize Button



    a. Review the adjusted space recommendations in the AEx RVSP Space measure.
    b. Enter the space planning recommendation in the AEx Wp Min. Space and AEx Wp Max. Space measures to accept the space planning recommendation.
    c. Repeat the optimization steps outlined above.

Table 5–2 lists the measures in this view.

Table 5–2 Optimize Space and Profit View Measures

Measure	Description
Category Role	Strategic role assigned to categories in the Macro Rationalization task.
Include	Check box measure that indicates whether the category should be included in the optimization routine .
Keep	Check box measure from Macro Rationalization task that indicates the keep or de-list status of a category.
Mandatory Category	Check box measure that indicates if it is mandatory that space is recommended for the category.
Current Space	Current space that the category occupies at the time of the optimization activity.
Current GM	Current gross margin of the category resulting from the current space.
Min. Space	Minimum amount of space allowed to be recommended.
Max. Space	Maximum amount of space allowed to be recommended.
Expected Profit	Expected profit resulting from the optimization routine.
Recommended Space	Recommended space resulting from the optimization routine.
Space Chg.	Difference between Current Space and the Recommended Space.
Send Data	Check box used to initiate the passing of data between Category Management and the space planning application.
GM	Target gross margin from financial planning
Space	Space recommendation from the space planning application.

Next, continue to the Review Store Results Step.

Review Store Results Step

Use the Review Store Results step to review a store level view of the optimization routine, which is produced in the Determine Optimal Space / Profit Step. If needed, individual stores can be re-optimized in this view.

After the space planning application processes the initial optimal space recommendations and execution of floor layouts begins, there may be a need to communicate back to Category Management exceptions to the initial optimal recommendations. After review, you may need to re-optimize in Category Management. This is based on those space planning, individual store constraints.

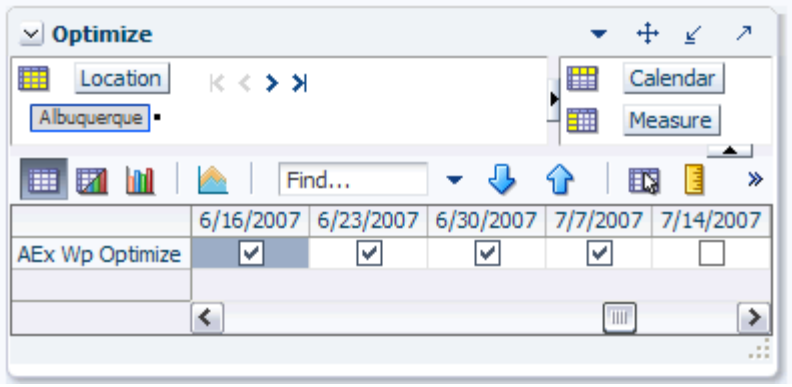
This step contains two views:

- Optimize View
- Review Store Results View

Optimize View

Use this view to optimize individual stores.

Figure 5–9 Optimize View



To optimize stores, perform the following steps:

1. Select the dates that you want to optimize for each location.
2. Click the **Optimize** button in the upper right corner.

Figure 5–10 Optimize Button

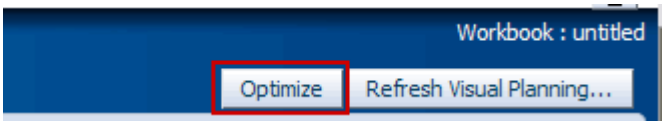


Table 5–3 lists the measures in this view.

Table 5–3 Optimize View Measures

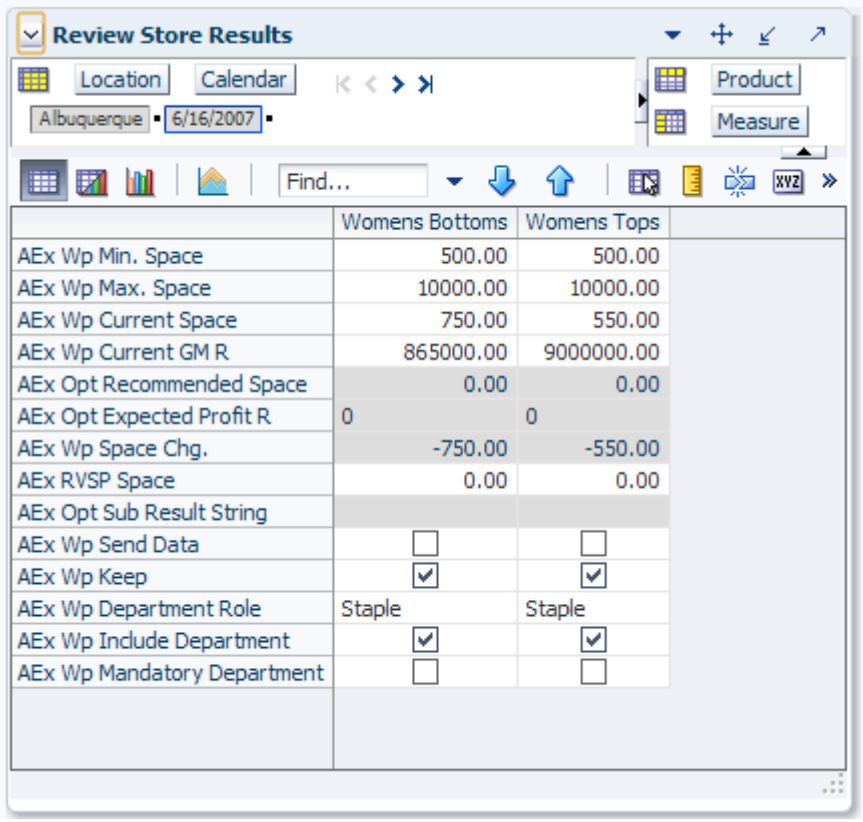
Measure	Description
Optimize	Check box measures that must be initiated prior to the running of the optimization routine.

Next, continue to the Review Store Results View.

Review Store Results View

Use this view to review the store results and specify space requirements.

Figure 5–11 Review Store Results View



	Womens Bottoms	Womens Tops
AEx Wp Min. Space	500.00	500.00
AEx Wp Max. Space	10000.00	10000.00
AEx Wp Current Space	750.00	550.00
AEx Wp Current GM R	865000.00	9000000.00
AEx Opt Recommended Space	0.00	0.00
AEx Opt Expected Profit R	0	0
AEx Wp Space Chg.	-750.00	-550.00
AEx RVSP Space	0.00	0.00
AEx Opt Sub Result String		
AEx Wp Send Data	☐	☐
AEx Wp Keep	☑	☑
AEx Wp Department Role	Staple	Staple
AEx Wp Include Department	☑	☑
AEx Wp Mandatory Department	☐	☐

To enter space requirements, perform the following steps:

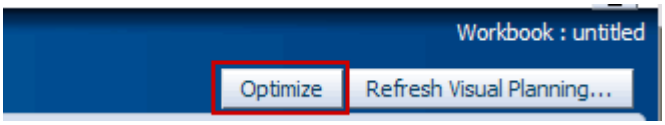
1. Review the AEx Opt Recommended Space measure from the visual space planning application.

   Note: To view individual store category optimization results, page through the stores of the Location dimension in the page edge.

2. Review AEx Opt Expected Profit R, AEx Wp Current Space, and AEx Current GM R measure values.
3. In the AEx Wp Min. Space and AEx Wp Max. Space measures, enter the space requirements to accept the space planning recommendation.
4. Click **Calculate** to apply inputs.
5. Enable the AEx Wp Include Department check box measure if the category should be included in the individual store optimization routine.
6. Review the AEx Wp Keep measure as designated in the Macro Rationalization task.
7. Enable the AEx Wp Mandatory Department check box measure if it is mandatory that the category is allocated space in the optimization routine.

8. Click **Calculate** to apply inputs.
9. Return to the Optimize View. Enable the AEx Wp Optimize check box. Click **Calculate** to apply.
10. Click the **Optimize** button in the upper right corner to begin the optimization routine.

Figure 5–12 Optimize Button



11. Review AEx Opt Recommended Space and AEx Opt Expected Profit R measure values.
12. Commit and save the workbook.

Table 5–4 lists the measures in this view.

Table 5–4 Review Store Results View Measures

Measures	Description
Category Role	Strategic role assigned to categories in the Macro Rationalization task.
Include	Check box measure that indicates whether the category should be included in the optimization routine.
Keep	Check box measure from Macro Rationalization task that indicates the keep or de-list status of a category.
Mandatory Category	Check box measure that indicates if it is mandatory that space be recommended for the category.
Current Space	Current space that the category occupies at the time of the optimization activity.
Current GM	Current gross margin of the category resulting from the current space.
Min. Space	Minimum amount of space allowed to be recommended.
Max. Space	Maximum amount of space allowed to be recommended.
Expected Profit	Expected profit resulting from the optimization routine.
Recommended Space	Recommended space resulting from the optimization routine.
Space Chg.	Difference between the Current Space and the Recommended Space.
Send Data	Check box used to initiate the passing of data between Category Management and the space planning application.
GM	Target gross margin from financial planning.
Space	Space recommendation from the space planning application.

Next Steps

All of the entries are complete for the Macro Optimization task. Continue to the Macro Rationalization task, described in the next chapter.

6

Macro Rationalization

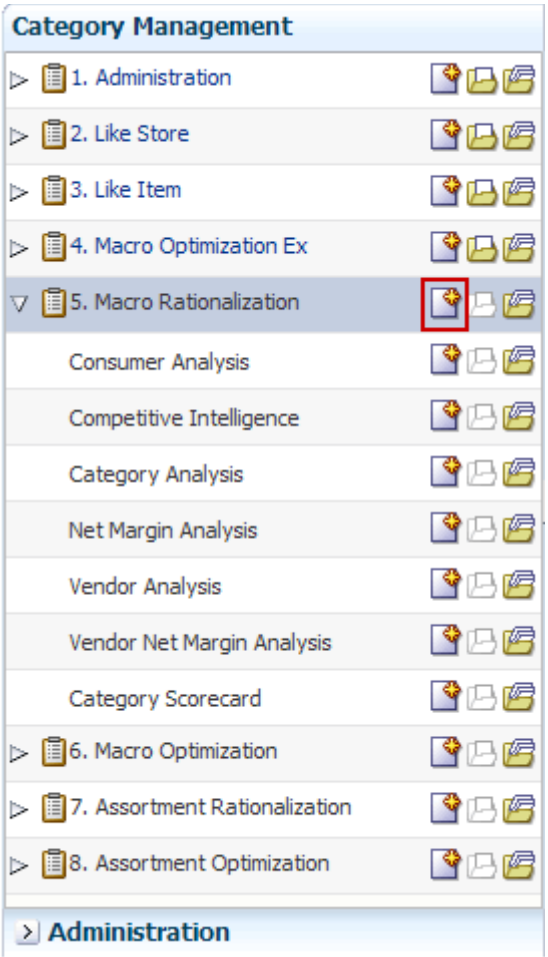
Use the Macro Rationalization task to assess the subcategory performance.

Create Macro Rationalization Workbook

To create the Macro Rationalization workbook, perform the following steps:

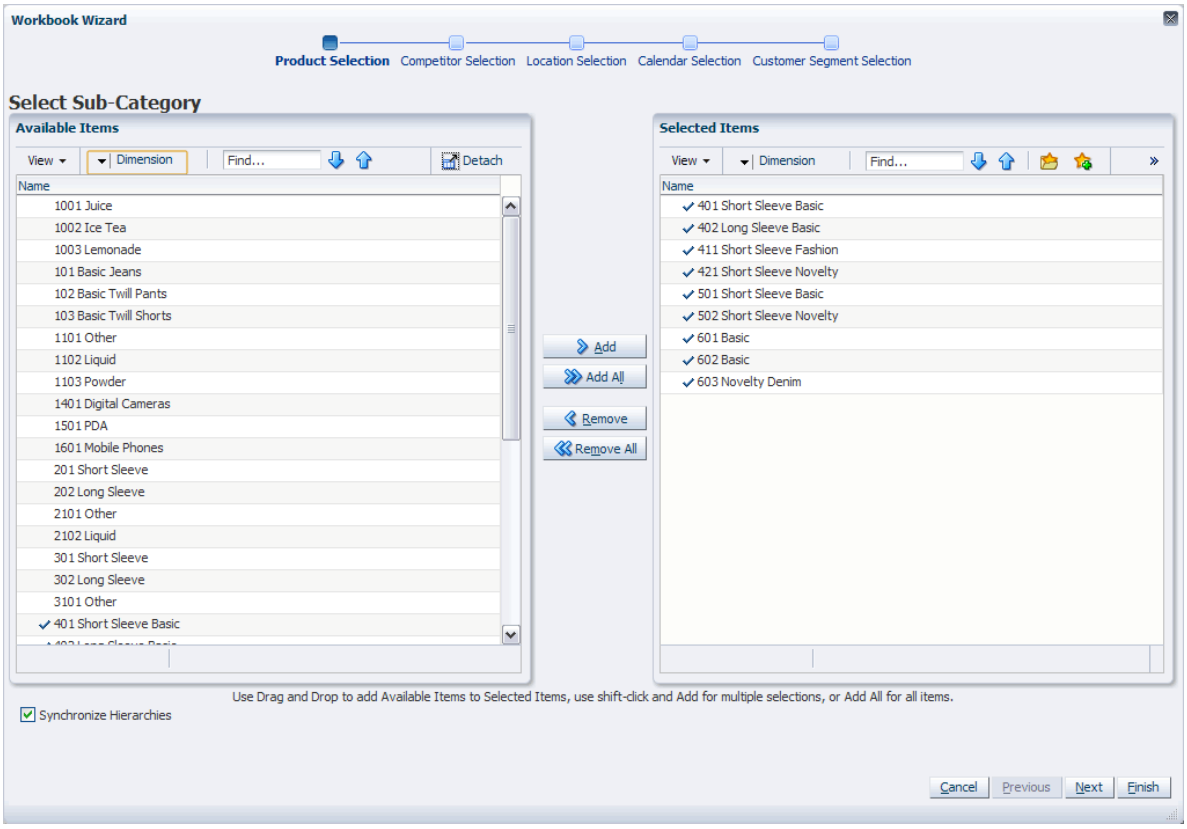
1. Click the **New Workbook** icon in the Macro Rationalization task.

Figure 6–1 Macro Rationalization Task



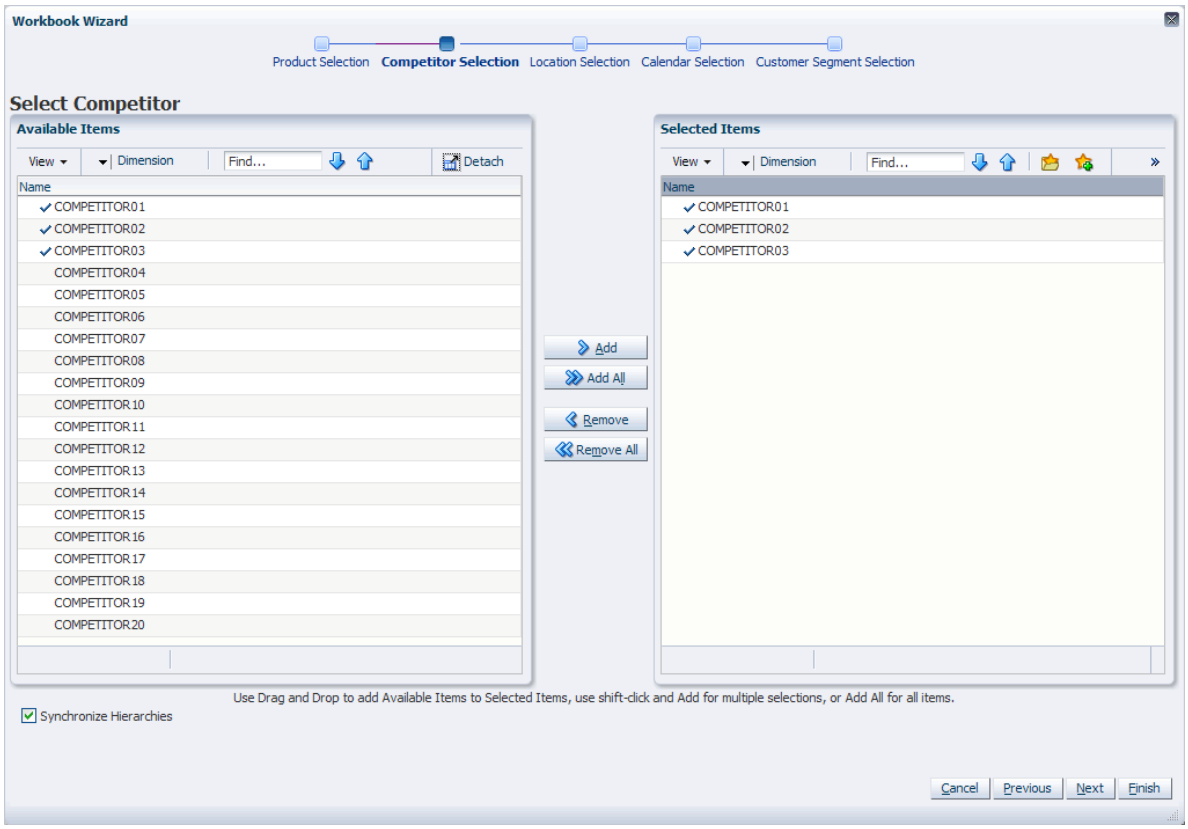
2. The Macro Rationalization wizard appears. Select the subcategories to be assessed and click **Next**.

Figure 6–2 Macro Rationalization Wizard - Select Sub Category



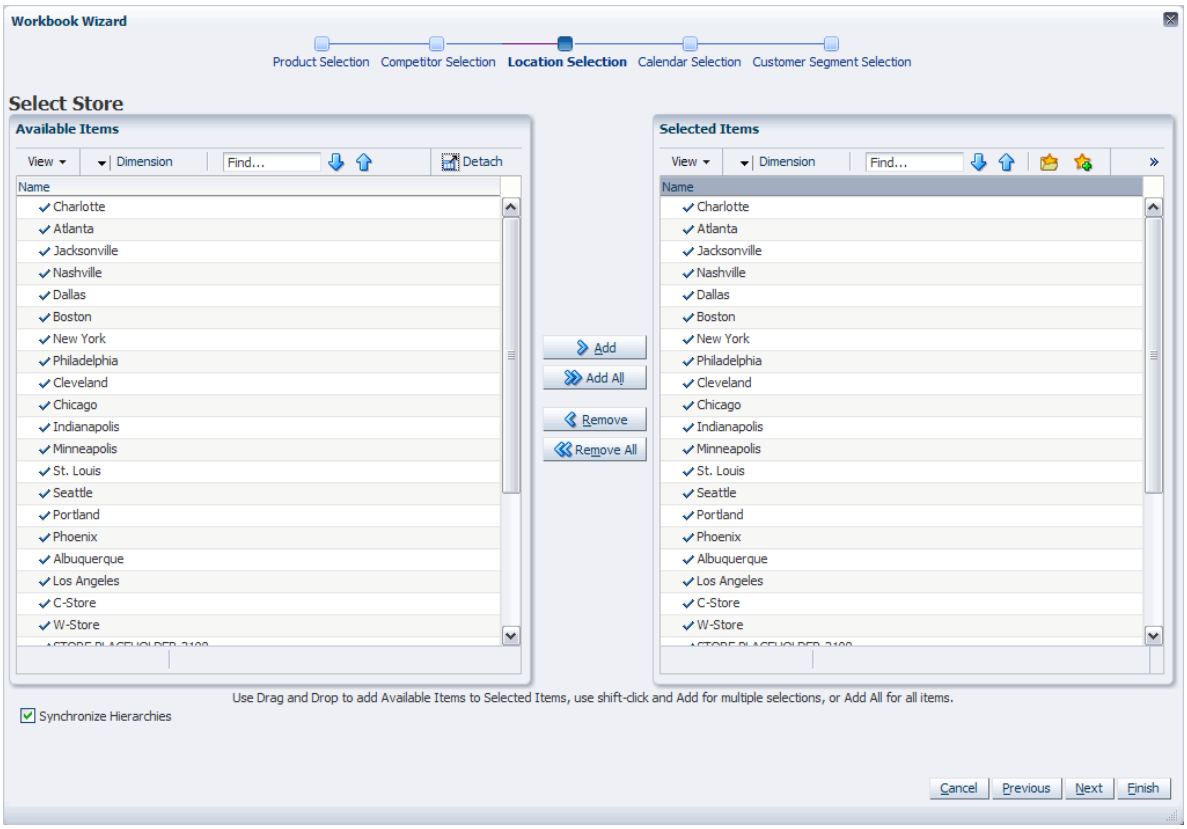
3. Select the competitors to assess and click **Next**.

Figure 6–3 Macro Rationalization Wizard - Select Competitor



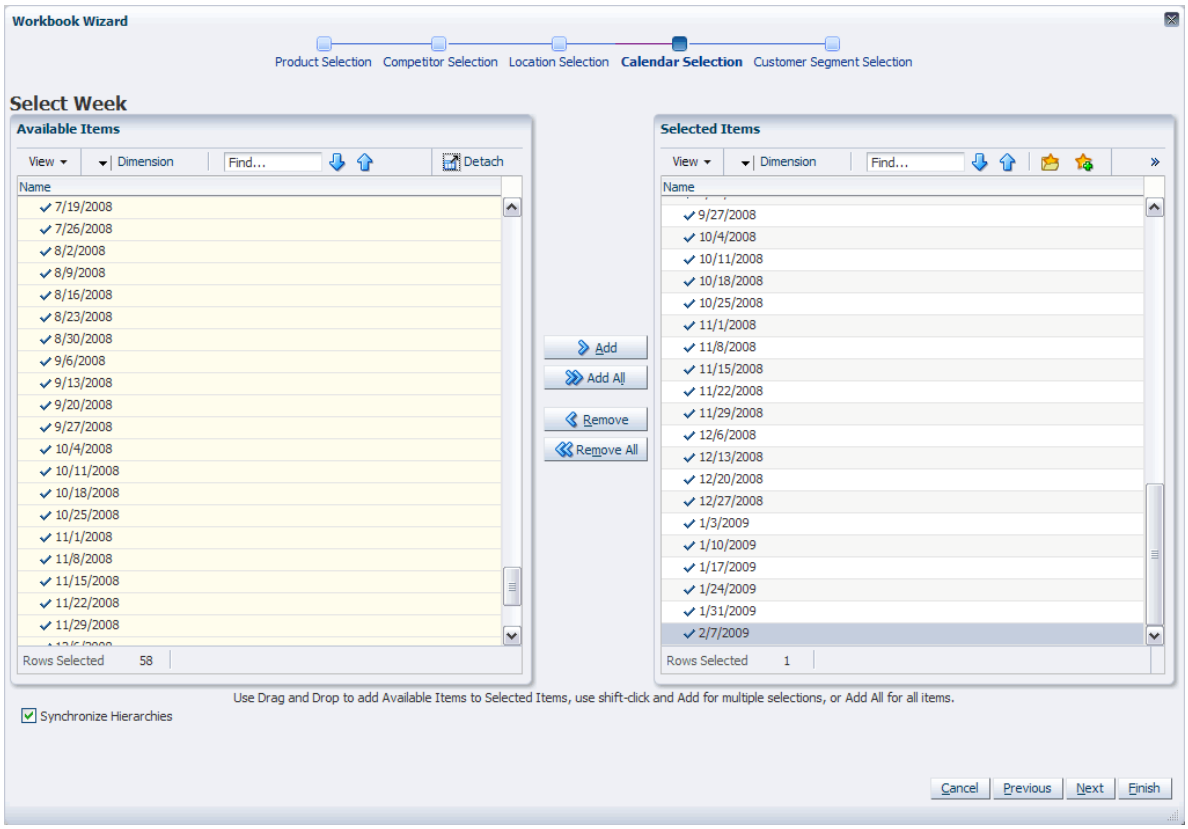
4. Select the stores to assess and click **Next**.

Figure 6–4 Macro Rationalization Wizard - Select Store



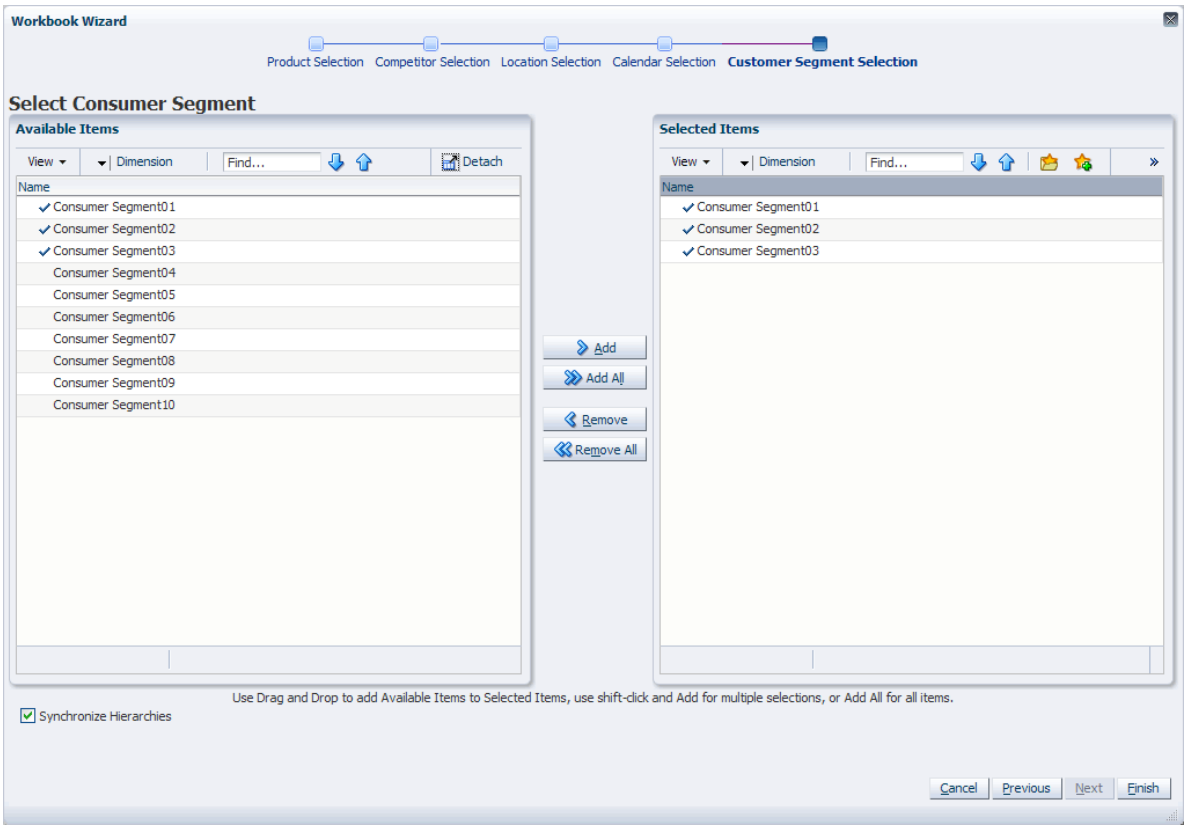
5. Select the weeks to assess and click **Next**.

Figure 6–5 Macro Rationalization Wizard - Select Week



6. Select the customer segments to assess and click **Finish**.

Figure 6–6 Macro Rationalization Wizard - Select Consumer Segment



The Macro Rationalization workbook is built.

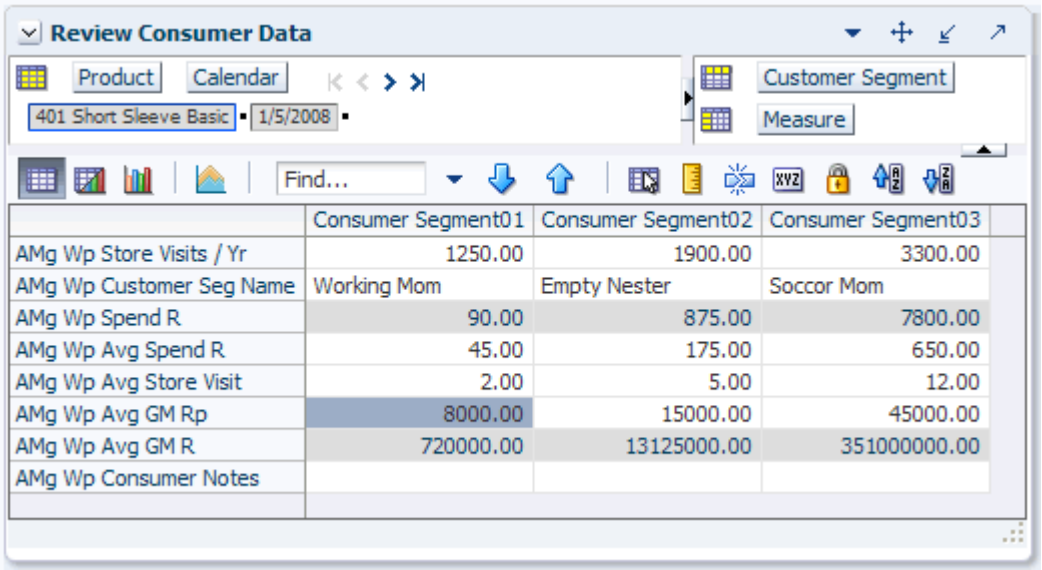
Consumer Analysis Step

Use this step to review data on the purchasing habits of consumer segments. The consumer segments available for assessment are those defined in the workbook build wizard steps. This step contains one view: Review Consumer Data.

Review Consumer Data View

Use this view to review key data points that provide information about consumer spending. Use the Consumer Notes measure to enter notes about each segment.

Figure 6–7 Review Consumer Data View



	Consumer Segment01	Consumer Segment02	Consumer Segment03
AMg Wp Store Visits / Yr	1250.00	1900.00	3300.00
AMg Wp Customer Seg Name	Working Mom	Empty Nester	Soccor Mom
AMg Wp Spend R	90.00	875.00	7800.00
AMg Wp Avg Spend R	45.00	175.00	650.00
AMg Wp Avg Store Visit	2.00	5.00	12.00
AMg Wp Avg GM Rp	8000.00	15000.00	45000.00
AMg Wp Avg GM R	720000.00	13125000.00	351000000.00
AMg Wp Consumer Notes			

To review the consumer data, perform the following steps:

1. Review consumer data.
2. Enter diary notes into AMg Wp Consumer Notes measure.
3. Click **Calculate**. This applies the text information.

Table 6–1 lists the measures in this view.

Table 6–1 Review Consumer Data View Measures

Measure	Description
Consumer Seg. Name	Descriptive label attached to the consumer segment name.
Store Visits / Yr	Total number of store visits per year for the consumer segment.
Avg. Store Visit	Average number of visits per year for each customer within the consumer segment.
Avg. Spend	Average spend per visit.
Spend	Total spend (revenue) of the consumer segment .
Avg. GM	Gross margin.
Consumer Notes	Text field for entering consumer analysis observations.

After reviewing the consumer data, continue to the Competitive Intelligence Step.

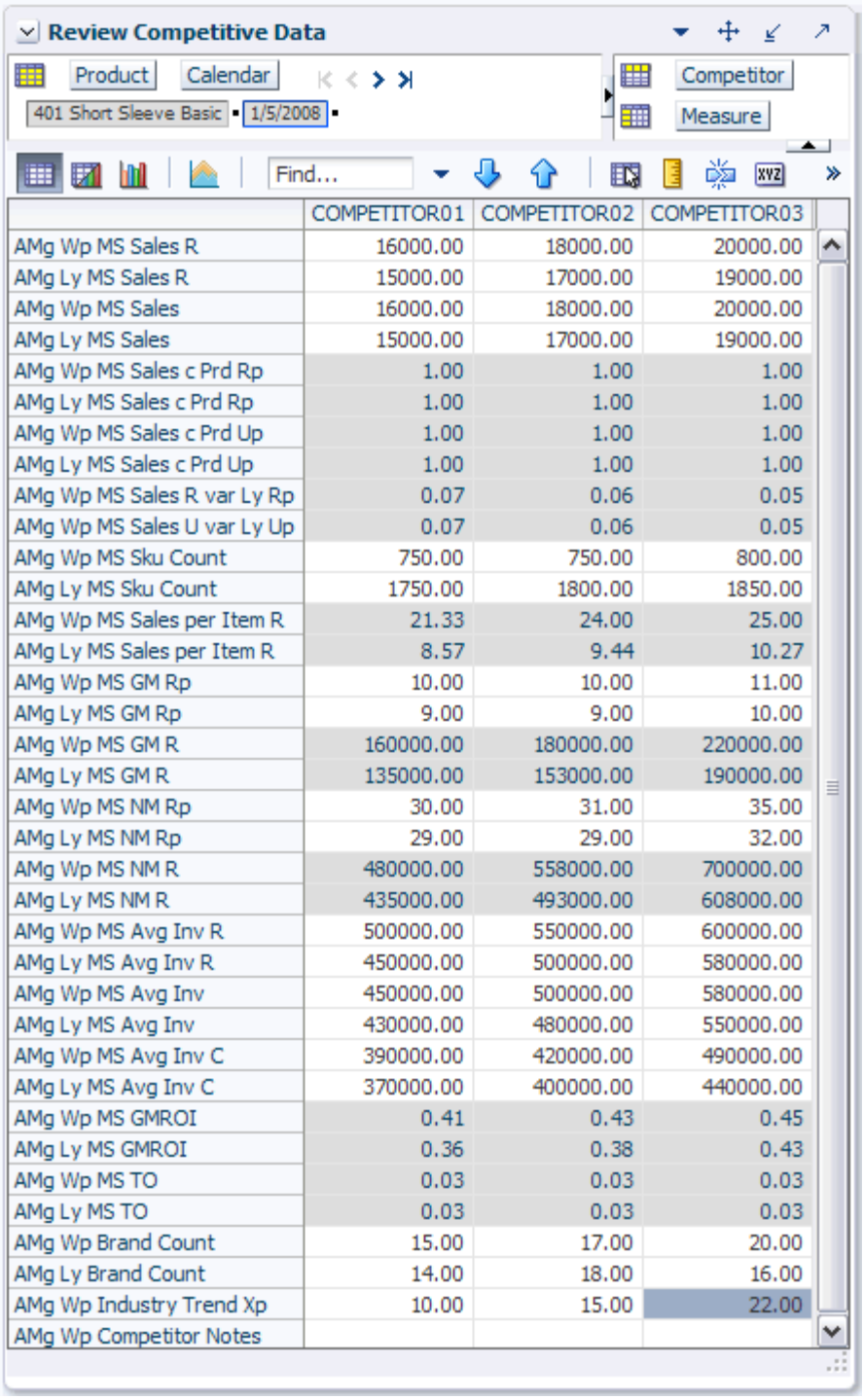
Competitive Intelligence Step

This step provides a view to market share data. It contains one view: Review Competitive Data.

Review Competitive Data View

This view provides market share information by competitor for comparison to your market share. A notes measure is provided for you to enter diary notes regarding your market share assessment.

Figure 6–8 Review Competitive Data View



	COMPETITOR01	COMPETITOR02	COMPETITOR03
AMg Wp MS Sales R	16000.00	18000.00	20000.00
AMg Ly MS Sales R	15000.00	17000.00	19000.00
AMg Wp MS Sales	16000.00	18000.00	20000.00
AMg Ly MS Sales	15000.00	17000.00	19000.00
AMg Wp MS Sales c Prd Rp	1.00	1.00	1.00
AMg Ly MS Sales c Prd Rp	1.00	1.00	1.00
AMg Wp MS Sales c Prd Up	1.00	1.00	1.00
AMg Ly MS Sales c Prd Up	1.00	1.00	1.00
AMg Wp MS Sales R var Ly Rp	0.07	0.06	0.05
AMg Wp MS Sales U var Ly Up	0.07	0.06	0.05
AMg Wp MS Sku Count	750.00	750.00	800.00
AMg Ly MS Sku Count	1750.00	1800.00	1850.00
AMg Wp MS Sales per Item R	21.33	24.00	25.00
AMg Ly MS Sales per Item R	8.57	9.44	10.27
AMg Wp MS GM Rp	10.00	10.00	11.00
AMg Ly MS GM Rp	9.00	9.00	10.00
AMg Wp MS GM R	160000.00	180000.00	220000.00
AMg Ly MS GM R	135000.00	153000.00	190000.00
AMg Wp MS NM Rp	30.00	31.00	35.00
AMg Ly MS NM Rp	29.00	29.00	32.00
AMg Wp MS NM R	480000.00	558000.00	700000.00
AMg Ly MS NM R	435000.00	493000.00	608000.00
AMg Wp MS Avg Inv R	500000.00	550000.00	600000.00
AMg Ly MS Avg Inv R	450000.00	500000.00	580000.00
AMg Wp MS Avg Inv	450000.00	500000.00	580000.00
AMg Ly MS Avg Inv	430000.00	480000.00	550000.00
AMg Wp MS Avg Inv C	390000.00	420000.00	490000.00
AMg Ly MS Avg Inv C	370000.00	400000.00	440000.00
AMg Wp MS GMROI	0.41	0.43	0.45
AMg Ly MS GMROI	0.36	0.38	0.43
AMg Wp MS TO	0.03	0.03	0.03
AMg Ly MS TO	0.03	0.03	0.03
AMg Wp Brand Count	15.00	17.00	20.00
AMg Ly Brand Count	14.00	18.00	16.00
AMg Wp Industry Trend Xp	10.00	15.00	22.00
AMg Wp Competitor Notes			

To review the competitive data, perform the following steps.

1. Review competitive data.
2. Enter diary notes into the AMg Wp Competitor Notes measure.
3. Click **Calculate**. This applies the text information.

Table 6–2 lists the measures in this view.

Table 6–2 Review Competitive Data View Measures

Measure	Description
Brand Count	Number of brands carried by each competitor.
Competitor Notes	Text field for entering competitive analysis observations.
GM	Gross margin.
Industry Trend	Percentage of industry market share captured by each competitor.
MS Avg Inv	Market share average inventory.
MS GM	Market share gross margin.
MS GMROI	Market share gross margin return on investment.
MS NM	Market share net margin.
MS Sales	market share sales.
MS Sales per item	Market share average sales per item.
MS Sales R var LY	Market share retail sales expressed as a variance to last year's market share retail sales.
MS Sales U var Ly	Market share unit sales expressed as a variance to last year's market share unit sales.
MS Sales c Prd	Marker share sales expressed as a percent contribution to positions of the product dimension.
MS SKU Count	Market share SKU count for each competitor.
MS TO	Market share inventory turnover.

After you have reviewed the competitive data, continue to the Category Analysis Step.

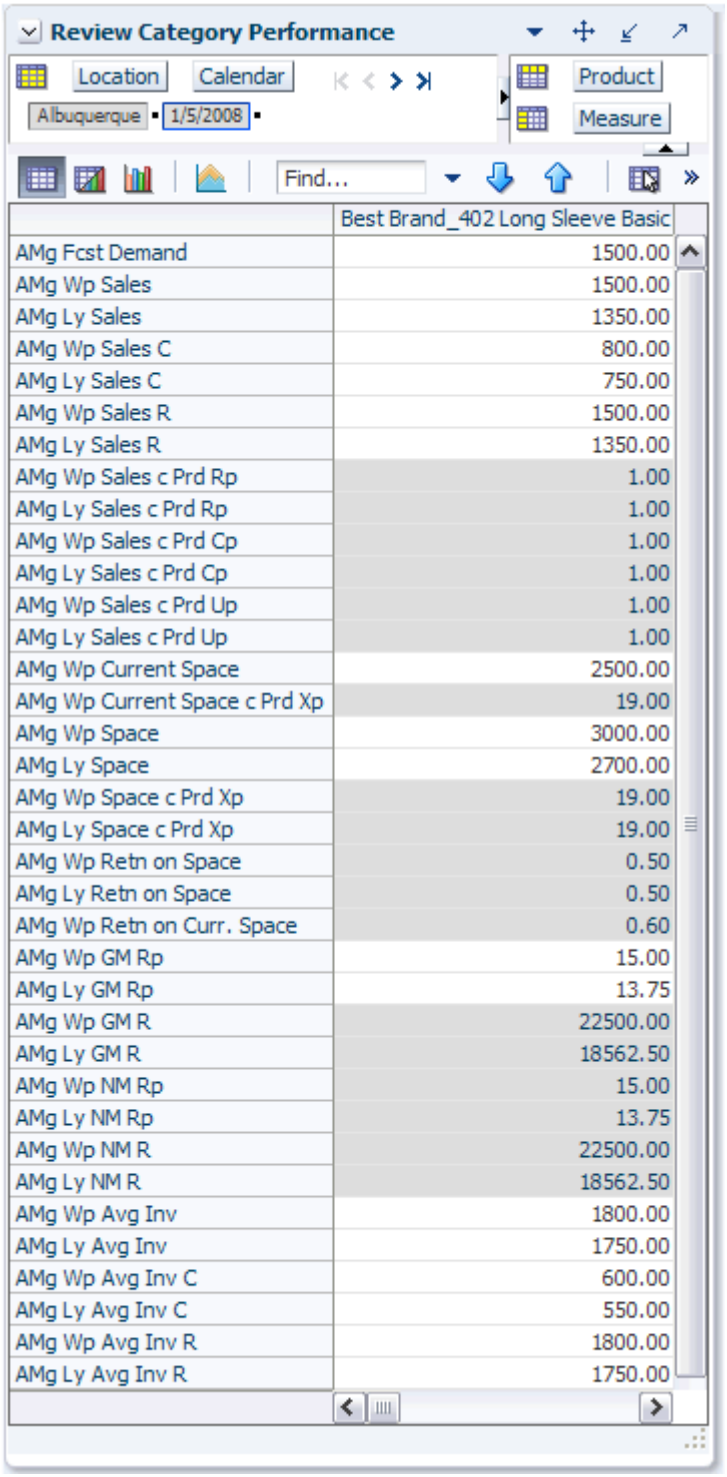
Category Analysis Step

This step provides a view summarizing the performance of categories through key performance measures. This step contains one view: Review Category Performance.

Review Category Performance View

Use this view to review category performance. Performance assessment is accomplished through the use of key performance indicator measures. A notes measure is provided for entering diary notes on your category assessment.

Figure 6–9 Review Competitive Performance View



	Best Brand_402 Long Sleeve Basic
AMg Fcst Demand	1500.00
AMg Wp Sales	1500.00
AMg Ly Sales	1350.00
AMg Wp Sales C	800.00
AMg Ly Sales C	750.00
AMg Wp Sales R	1500.00
AMg Ly Sales R	1350.00
AMg Wp Sales c Prd Rp	1.00
AMg Ly Sales c Prd Rp	1.00
AMg Wp Sales c Prd Cp	1.00
AMg Ly Sales c Prd Cp	1.00
AMg Wp Sales c Prd Up	1.00
AMg Ly Sales c Prd Up	1.00
AMg Wp Current Space	2500.00
AMg Wp Current Space c Prd Xp	19.00
AMg Wp Space	3000.00
AMg Ly Space	2700.00
AMg Wp Space c Prd Xp	19.00
AMg Ly Space c Prd Xp	19.00
AMg Wp Retn on Space	0.50
AMg Ly Retn on Space	0.50
AMg Wp Retn on Curr. Space	0.60
AMg Wp GM Rp	15.00
AMg Ly GM Rp	13.75
AMg Wp GM R	22500.00
AMg Ly GM R	18562.50
AMg Wp NM Rp	15.00
AMg Ly NM Rp	13.75
AMg Wp NM R	22500.00
AMg Ly NM R	18562.50
AMg Wp Avg Inv	1800.00
AMg Ly Avg Inv	1750.00
AMg Wp Avg Inv C	600.00
AMg Ly Avg Inv C	550.00
AMg Wp Avg Inv R	1800.00
AMg Ly Avg Inv R	1750.00

To review and enter notes, perform the following steps:

1. Review forecasted unit demand.
2. Review key financial and space performance indictor measures.

> **Note:** Performance may be assessed using different positions of the location and time dimensions. To take advantage of these many positions, click the calendar or location dimension tiles. On the Levels tab, select the desired position level.
>
> To assess this year's performance against last year's performance, compare the Wp (working plan) version measures against the Ly (last year) version measures.

3. Enter diary notes into the AMg Wp Performance Notes measure.

> **Note:** To conduct what-if scenarios, enter values in the Sales R and Space measures to view adjusted Return on Space.

4. Click **Calculate**. This initiates any calculations and applies the text information.

Table 6–3 lists the measures in this view.

Table 6–3 Review Category Performance View

Measure	Description
Avg Inv	Average inventory.
Current Space	Current space for each category at the assessment.
Current Space c Prd	Each product categories percentage contribution to the total space.
Demand	Forecasted unit demand.
GM	Gross margin.
GMROI	Gross margin return on investment.
NM	Net margin.
Performance Notes	Text field for entering category performance observations.
Retn. on Curr. Space	Return on current space.
Retn. on Space	Return on planned (working plan) space.
Sales	Sales.
Sales c. Prd	Each product categories percentage contribution to sales.
Space	Planned (working plan) space.
Space c. Prd	Each product categories percentage contribution to planned space.
TO	Inventory turn over.

After you have reviewed the category performance, continue to the Net Margin Analysis Step.

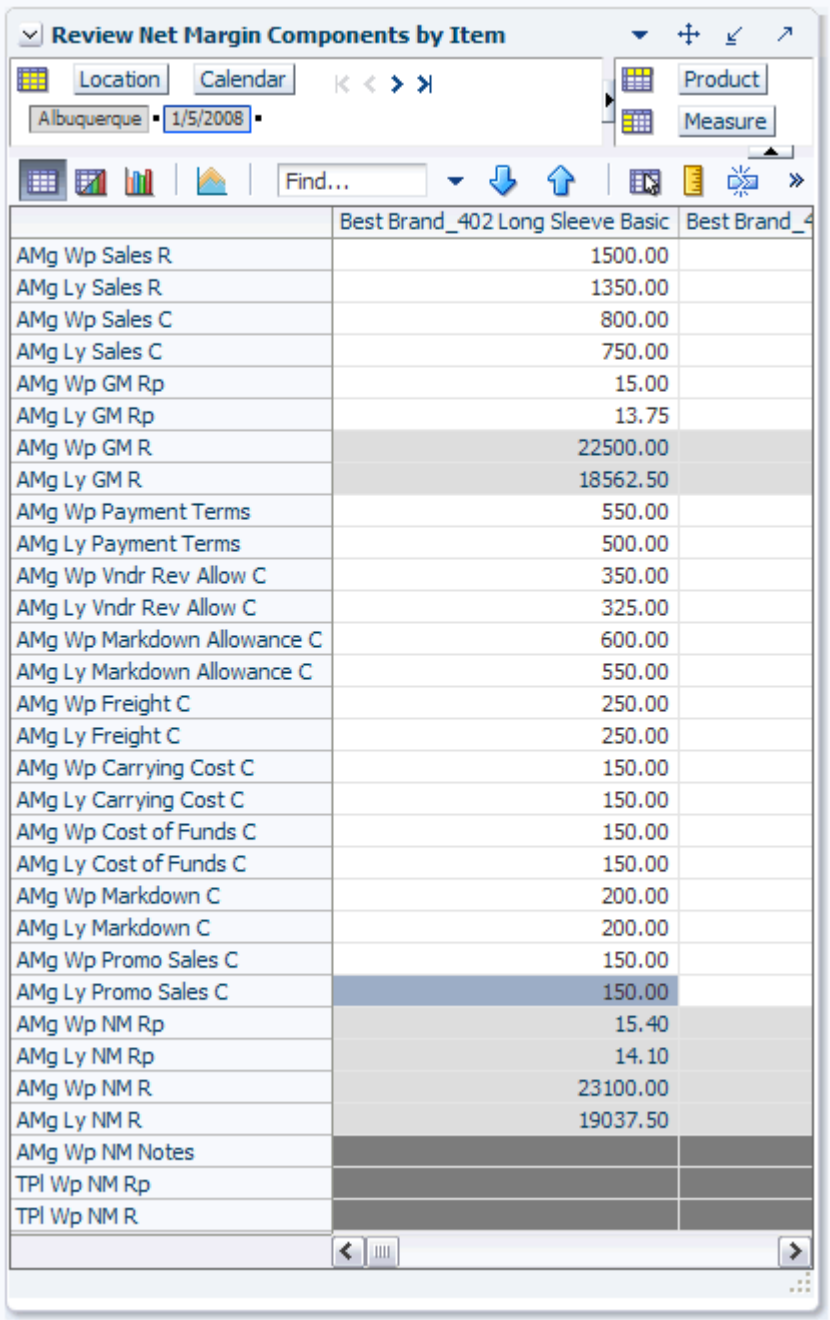
Net Margin Analysis Step

Use this step to review the measures used in deriving the net margin of a category. This step has one view: Review Net Margin Components by Item.

Review Net Margin Components by Item View

Use this view to review category net margin performance. Performance assessment is accomplished through the use of key net margin contributing performance indicator measures. A notes measure is provided for entering diary notes on your category net margin assessment.

Figure 6–10 Review Net Margin Components by Item View



	Best Brand_402 Long Sleeve Basic	Best Brand_4
AMg Wp Sales R	1500.00	
AMg Ly Sales R	1350.00	
AMg Wp Sales C	800.00	
AMg Ly Sales C	750.00	
AMg Wp GM Rp	15.00	
AMg Ly GM Rp	13.75	
AMg Wp GM R	22500.00	
AMg Ly GM R	18562.50	
AMg Wp Payment Terms	550.00	
AMg Ly Payment Terms	500.00	
AMg Wp Vndr Rev Allow C	350.00	
AMg Ly Vndr Rev Allow C	325.00	
AMg Wp Markdown Allowance C	600.00	
AMg Ly Markdown Allowance C	550.00	
AMg Wp Freight C	250.00	
AMg Ly Freight C	250.00	
AMg Wp Carrying Cost C	150.00	
AMg Ly Carrying Cost C	150.00	
AMg Wp Cost of Funds C	150.00	
AMg Ly Cost of Funds C	150.00	
AMg Wp Markdown C	200.00	
AMg Ly Markdown C	200.00	
AMg Wp Promo Sales C	150.00	
AMg Ly Promo Sales C	150.00	
AMg Wp NM Rp	15.40	
AMg Ly NM Rp	14.10	
AMg Wp NM R	23100.00	
AMg Ly NM R	19037.50	
AMg Wp NM Notes		
TPl Wp NM Rp		
TPl Wp NM R		

To review the net margin components, perform the following steps:

1. Review net margin components and resulting net margin.
2. Edit components for what-if scenarios.
3. Enter diary notes in the AMg Wp NM Notes measure.
4. Click **Calculate**. This applies and initiates any calculations, and it applies the text information.

Table 6–4 lists the measures in this view.

Table 6–4 Review Net Margin Performance View Measures

Measure	Description
Vndr Rev Allow	Vendor revenue allowance.
Sales	Sales.
Promo Sales	Promotional sales (temporary price reductions).
Payment Terms	Payment terms on invoices.
NM Notes	Net margin notes.
NM	Net margin.
Markdown Allowance	Markdown allowances.
Markdown	Markdown.
GM	Gross margin.
Freight	Freight costs.
Cost of Funds	Cost of funds.
Carrying Costs	Carrying costs.

After you have reviewed the net margin performance, continue to the Vendor Analysis Step.

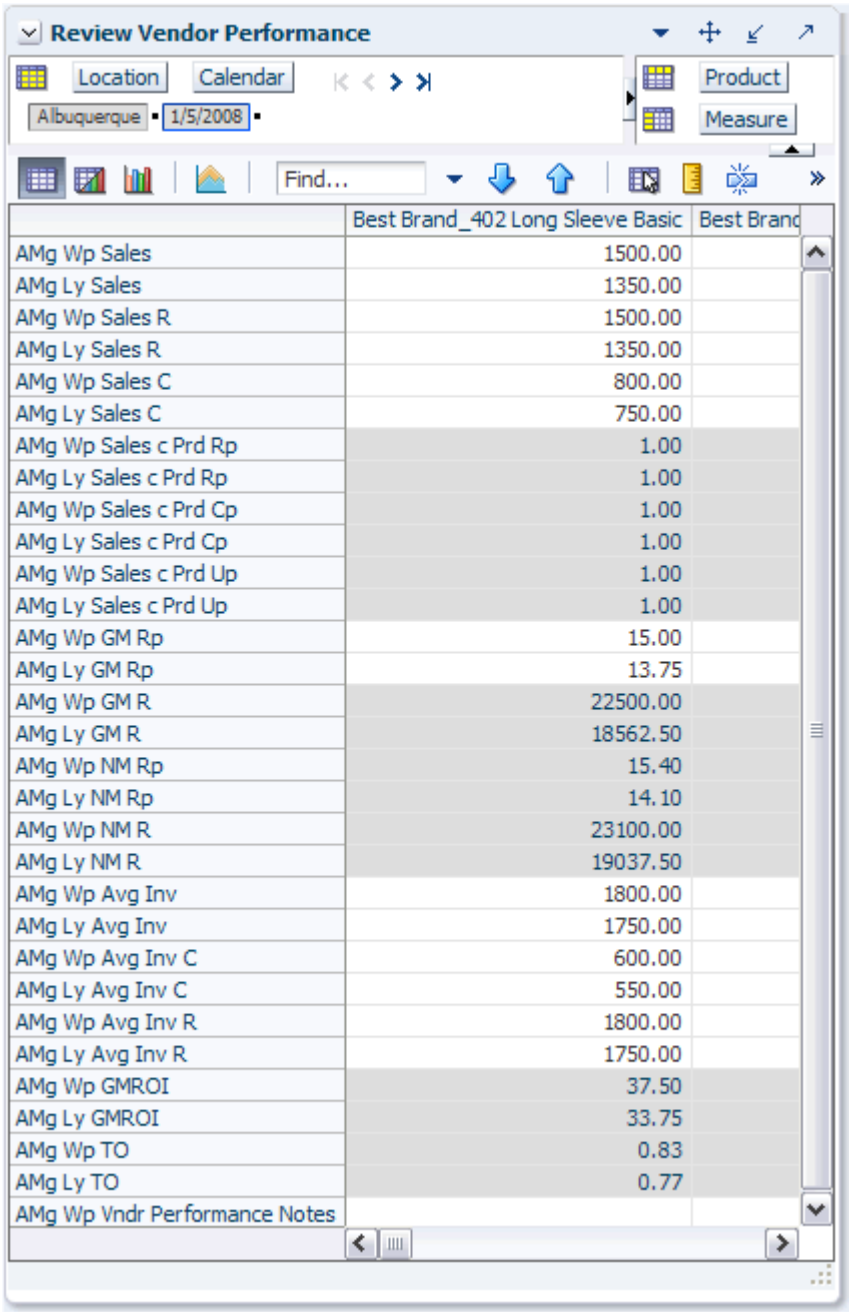
Vendor Analysis Step

Use this step to review the performance summary through key performance measures of vendors within categories. This step has one view: Review Vendor Performance.

Review Vendor Performance View

Use this view to review the vendor performance by category. Performance assessment is accomplished through the use of key performance indicator measures. This view is essentially the same as the Review Category Performance View. A notes measure is provided for entering diary notes.

Figure 6–11 Review Vendor Performance View



	Best Brand_402 Long Sleeve Basic	Best Brand
AMg Wp Sales	1500.00	
AMg Ly Sales	1350.00	
AMg Wp Sales R	1500.00	
AMg Ly Sales R	1350.00	
AMg Wp Sales C	800.00	
AMg Ly Sales C	750.00	
AMg Wp Sales c Prd Rp	1.00	
AMg Ly Sales c Prd Rp	1.00	
AMg Wp Sales c Prd Cp	1.00	
AMg Ly Sales c Prd Cp	1.00	
AMg Wp Sales c Prd Up	1.00	
AMg Ly Sales c Prd Up	1.00	
AMg Wp GM Rp	15.00	
AMg Ly GM Rp	13.75	
AMg Wp GM R	22500.00	
AMg Ly GM R	18562.50	
AMg Wp NM Rp	15.40	
AMg Ly NM Rp	14.10	
AMg Wp NM R	23100.00	
AMg Ly NM R	19037.50	
AMg Wp Avg Inv	1800.00	
AMg Ly Avg Inv	1750.00	
AMg Wp Avg Inv C	600.00	
AMg Ly Avg Inv C	550.00	
AMg Wp Avg Inv R	1800.00	
AMg Ly Avg Inv R	1750.00	
AMg Wp GMROI	37.50	
AMg Ly GMROI	33.75	
AMg Wp TO	0.83	
AMg Ly TO	0.77	
AMg Wp Vndr Performance Notes		

To review the vendor performance, perform the following steps:

1. Review forecasted unit demand by vendor.

> **Note:** To view performance by vendor, ensure that the Product dimension tile is placed in the upper right hand corner with the Vendor/Sub-Category position selected.

2. Review key financial and space performance indictor measures.
3. Enter diary notes into the Performance Notes measure.
4. Click **Calculate**. This applies the text information.

Table 6–5 lists the measures in this view.

Table 6–5 Review Vendor Performance View Measures

Measure	Description
Avg Inv	Average inventory.
Current Space	Current space for each category at the assessment.
Current Space c Prd	Each product categories percentage contribution to the total space.
Demand	Forecasted unit demand.
GM	Gross margin.
GMROI	Gross margin return on investment.
NM	Net margin.
Performance Notes	Text field for entering category performance observations.
Retn. on Curr. Space	Return on current space.
Retn. on Space	Return on planned (working plan) space.
Sales	Sales.
Sales c. Prd	Each product categories percentage contribution to sales.
Space	Planned (working plan) space.
Space c. Prd	Each product categories percentage contribution to planned space.
TO	Inventory turn over.

After you have reviewed vendor performance, continue to the Vendor Net Margin Analysis Step.

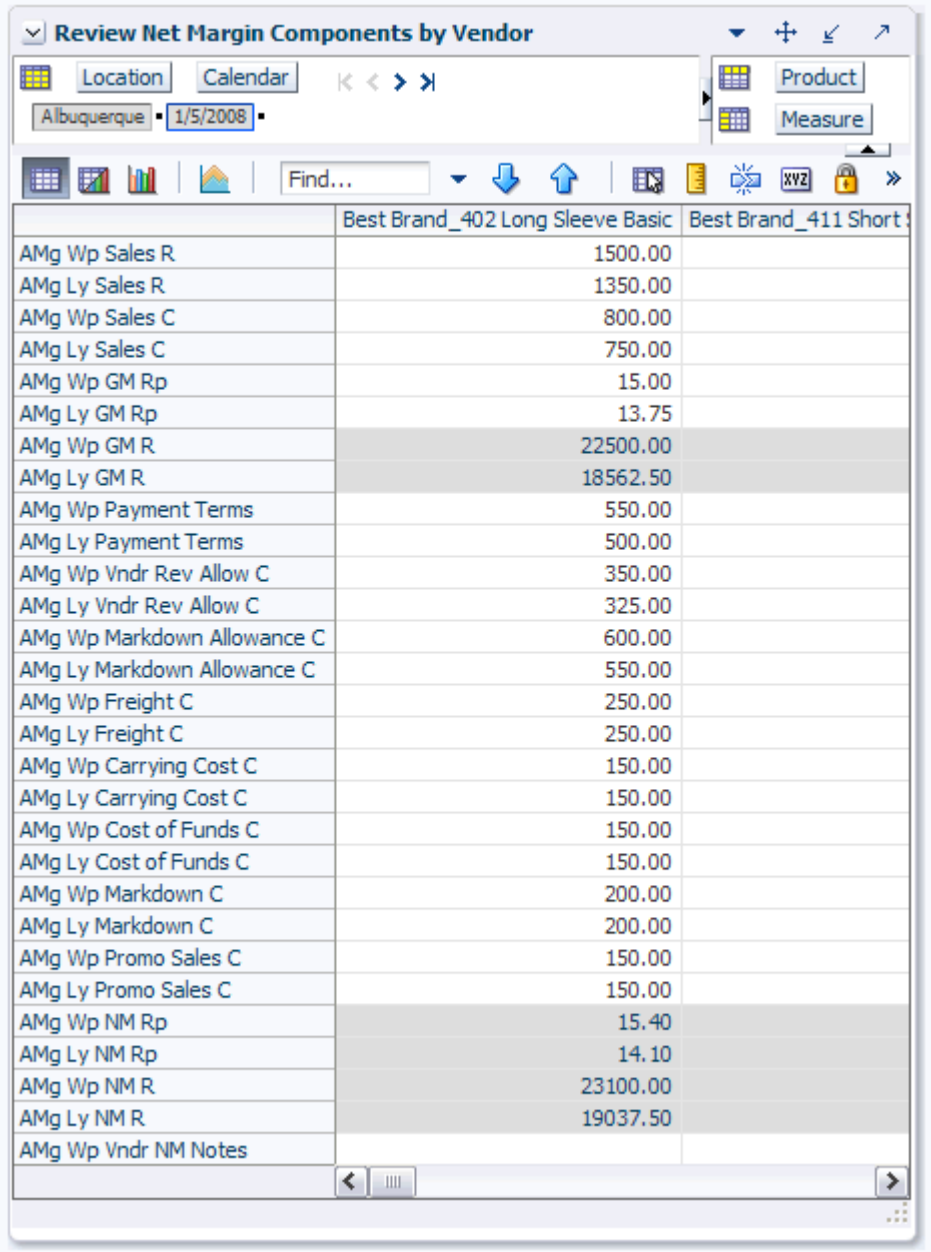
Vendor Net Margin Analysis Step

This step provides a view to the measures used in deriving, through vendor contribution, the net margin of a category.

Review Net Margin Components by Vendor View

Use this step to review vendor category net margin performance. Performance assessment is accomplished through the use of key net margin contributing performance indicator measures. This view is essentially the same as the Review Net Margin Components by Item View. A Notes measure is provided for entering diary notes regarding your vendor net margin contribution assessment.

Figure 6–12 Review Net Margin Components View



	Best Brand_402 Long Sleeve Basic	Best Brand_411 Short
AMg Wp Sales R	1500.00	
AMg Ly Sales R	1350.00	
AMg Wp Sales C	800.00	
AMg Ly Sales C	750.00	
AMg Wp GM Rp	15.00	
AMg Ly GM Rp	13.75	
AMg Wp GM R	22500.00	
AMg Ly GM R	18562.50	
AMg Wp Payment Terms	550.00	
AMg Ly Payment Terms	500.00	
AMg Wp Vndr Rev Allow C	350.00	
AMg Ly Vndr Rev Allow C	325.00	
AMg Wp Markdown Allowance C	600.00	
AMg Ly Markdown Allowance C	550.00	
AMg Wp Freight C	250.00	
AMg Ly Freight C	250.00	
AMg Wp Carrying Cost C	150.00	
AMg Ly Carrying Cost C	150.00	
AMg Wp Cost of Funds C	150.00	
AMg Ly Cost of Funds C	150.00	
AMg Wp Markdown C	200.00	
AMg Ly Markdown C	200.00	
AMg Wp Promo Sales C	150.00	
AMg Ly Promo Sales C	150.00	
AMg Wp NM Rp	15.40	
AMg Ly NM Rp	14.10	
AMg Wp NM R	23100.00	
AMg Ly NM R	19037.50	
AMg Wp Vndr NM Notes		

To review the net margin components, perform the following steps:

1. Review net margin components by vendor and resulting net margin.
2. Edit the Wp version components for what-if scenarios.
3. Enter diary notes in the AMg Wp Vndr NM Notes measure.
4. Click **Calculate**. This initiates any what-if calculations and applies the text information.

Table 6–6 lists the measures in this view.

Table 6–6 Review Net Margin Components by Vendor View Measures

Measure	Description
Vndr Rev Allow	Vendor revenue allowance.
Vndr NM Notes	Vendor net margin notes.
Sales	Sales.
Promo Sales	Promotional sales (temporary price reduction).
Payment Terms	Payment terms.
NM	Net margin.
Markdown Allowance	Markdown allowance.
Markdown	Markdown.
GM	Gross margin.
Freight	Freight costs.
Cost of Funds	Cost of funds.
Carrying Costs	Carrying costs.

After you have reviewed the net margin components by vendor, continue to the Category Scorecard Step.

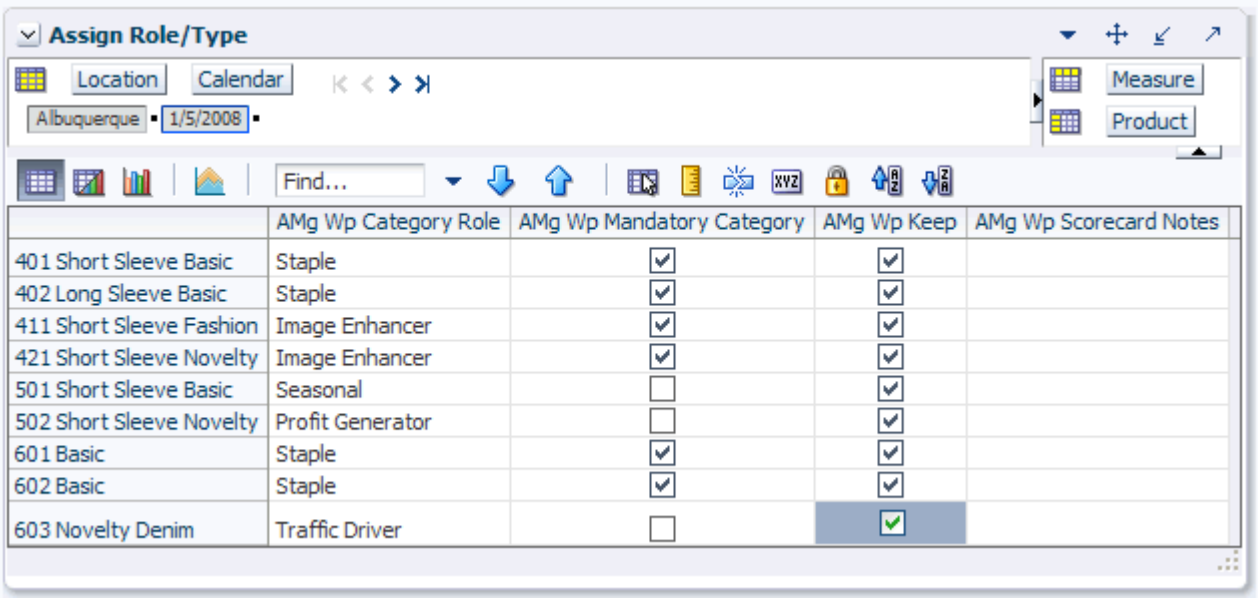
Category Scorecard Step

This step has one view: Assign Role/Type.

Assign Role / Type View

Use this view to assign roles to categories, keep or de-list categories, and note whether the categories are mandatory in the Macro Optimization task. All of the assessments conducted on prior tabs provide the decision support used in assigning roles and types to categories. A notes measure is provided for entering diary notes.

Figure 6–13 Assign Role/Type View



	AMg Wp Category Role	AMg Wp Mandatory Category	AMg Wp Keep	AMg Wp Scorecard Notes
401 Short Sleeve Basic	Staple	☑	☑	
402 Long Sleeve Basic	Staple	☑	☑	
411 Short Sleeve Fashion	Image Enhancer	☑	☑	
421 Short Sleeve Novelty	Image Enhancer	☑	☑	
501 Short Sleeve Basic	Seasonal	☐	☑	
502 Short Sleeve Novelty	Profit Generator	☐	☑	
601 Basic	Staple	☑	☑	
602 Basic	Staple	☑	☑	
603 Novelty Denim	Traffic Driver	☐	☑	

To assign roles and types, perform the following steps:

1. Assign category roles by using the pick list of predetermined options.
2. Deselect AMg Wp Keep measure check mark to indicate the de-listing of the category. The category is not used in optimization process.
3. Enable the AMg Wp Mandatory Category check box if it is mandatory for the category to be considered in the optimization process.
4. Enter diary notes in the AMg Wp Scorecard Notes measure.
5. Click **Calculate** to apply all decisions and text information.
6. Commit and save the workbook.

Table 6–7 lists the measures in this view.

Table 6–7 Apply Role/Type View Measures

Measure	Description
Scorecard Notes	Text field for diary entries regarding the score carding process.
Mandatory Category	Check box for indicating if it is mandatory that a category should be included in the optimization process.
Category Role	Drop down list of item role options.

Table 6–7 (Cont.) Apply Role/Type View Measures

Measure	Description
Keep	Check box indicating the keep or de-list status of a category.

Next Steps

All of the entries are now complete for the Macro Rationalization task. Continue to the Assortment Rationalization task, described in the next chapter.

7

Assortment Rationalization

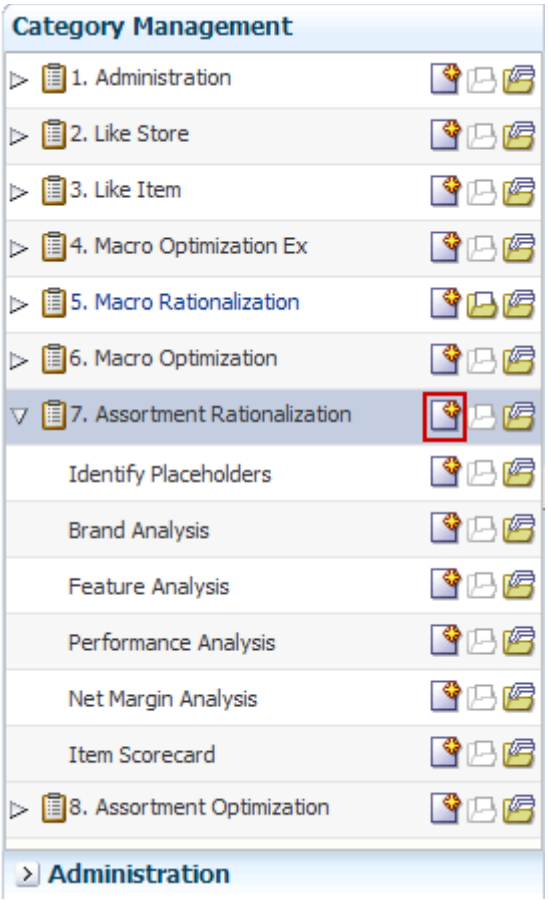
The assessment of item performance and item relevance within the product mix takes place inside the Assortment Rationalization task.

Create Assortment Rationalization Workbook

To build the Assortment Rationalization workbook, perform the following steps:

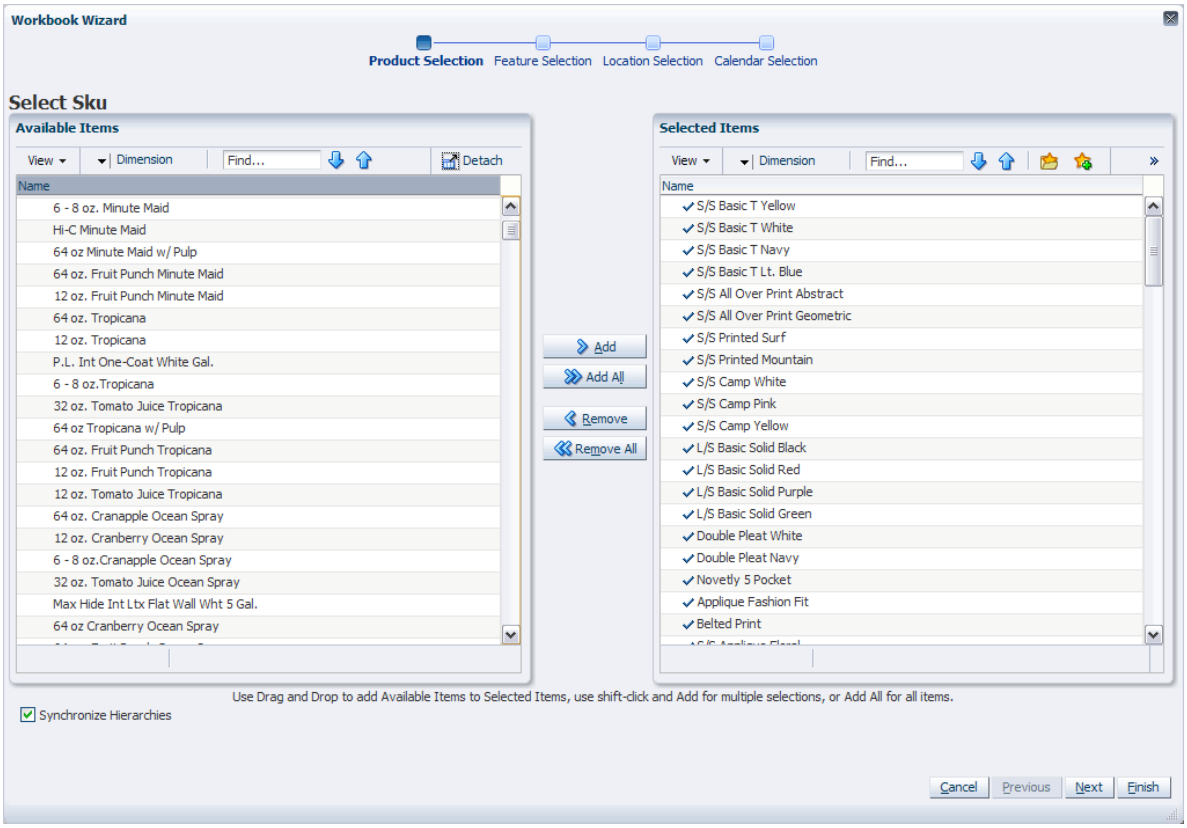
1. Click the **New Workbook** icon in the Assortment Rationalization task.

Figure 7–1 Assortment Rationalization Task



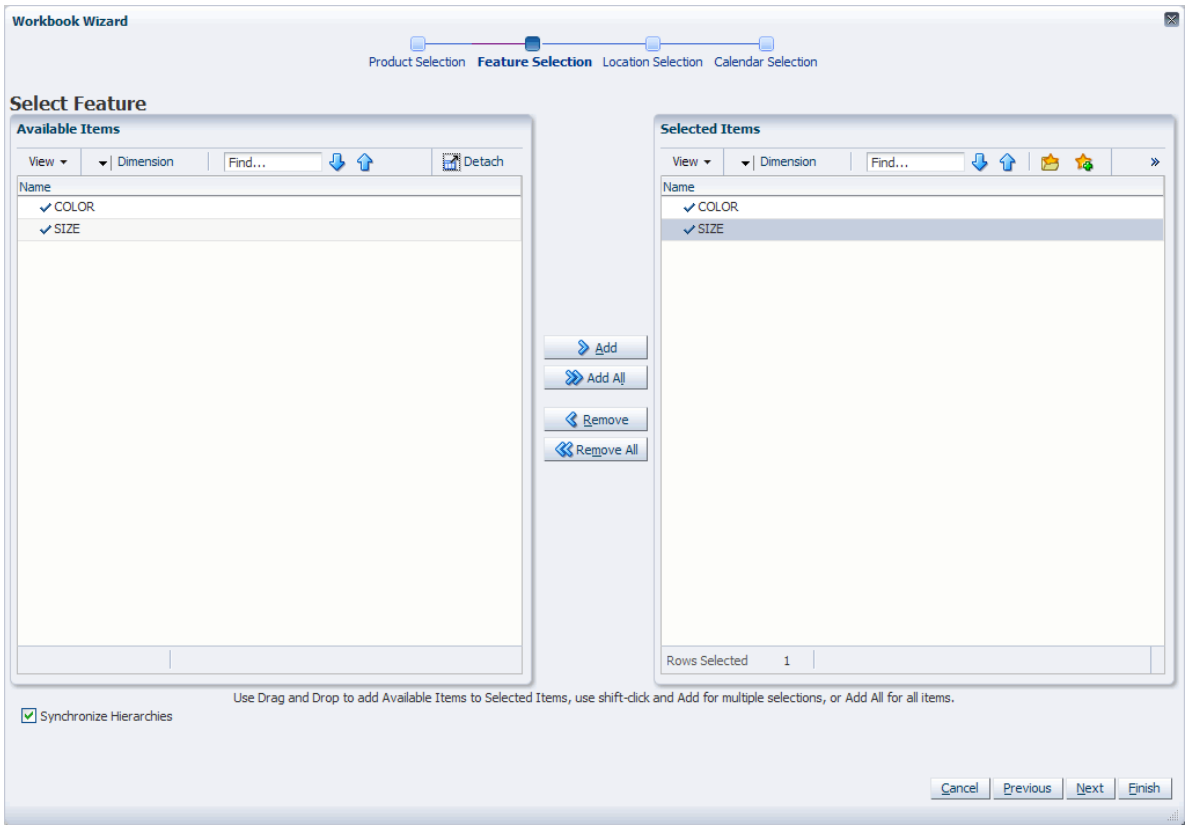
2. The Assortment Rationalization wizard appears. Select the SKUs to assess and click **Next**.

Figure 7–2 Assortment Rationalization Wizard - Select SKU



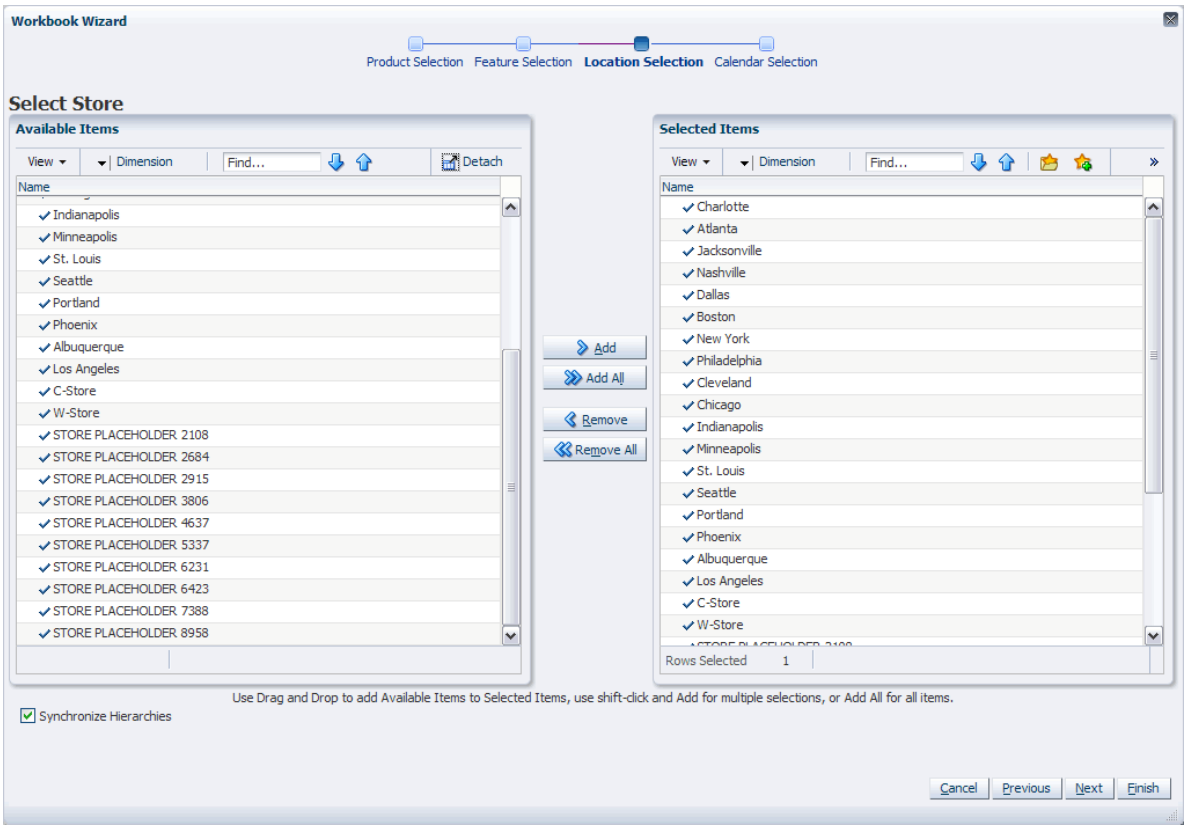
3. Select item features to assess and click **Next**.

Figure 7–3 Assortment Rationalization Wizard - Select Feature



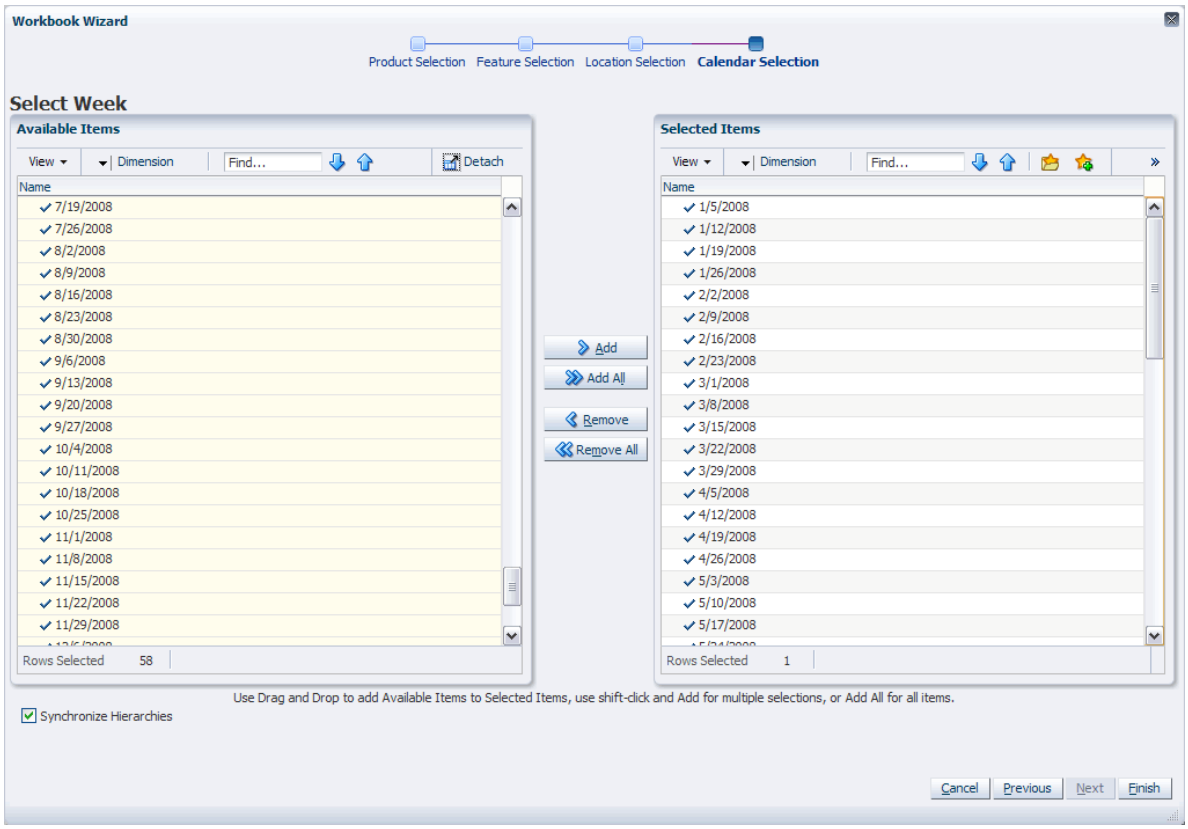
4. Select the stores to assess and click **Next**.

Figure 7–4 Assortment Rationalization Wizard - Select Store



5. Select the weeks to assess and click **Finish**.

Figure 7–5 Assortment Rationalization Wizard - Select Week



The Assortment Rationalization workbook is built.

Identify Placeholders Step

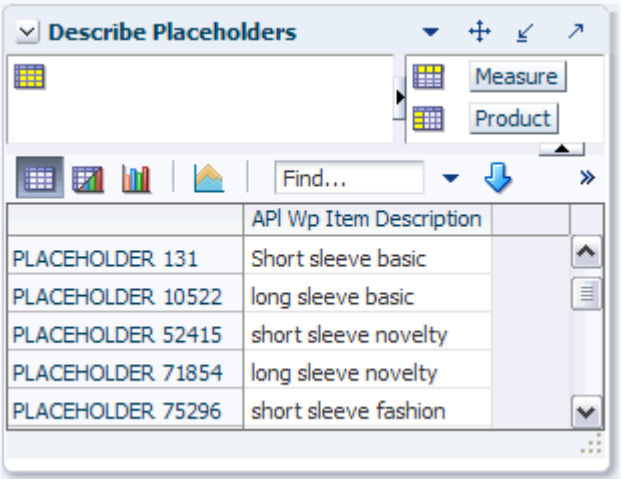
When placeholder items are added to the assortment mix, they are described (labeled) in this step.

> **Note:** If placeholder functionality is not required, this step may be skipped. If skipped, begin the workflow at the Brand Analysis Step.

Describe Placeholders Views

Use this view to describe the placeholder items.

Figure 7–6 Describe Placeholders View



To label the placeholders, perform the following steps:

1. Enter a placeholder description into the API Wp Item Description measure.
2. Click **Calculate** to apply descriptions.

Table 7–1 lists the measures in this view.

Table 7–1 Describe Placeholders View Measures

Measure	Description
Item Description	User provided label used to describe a placeholder item.

Brand Analysis Step

Use this step to analyze item performance. There are three views in this step:

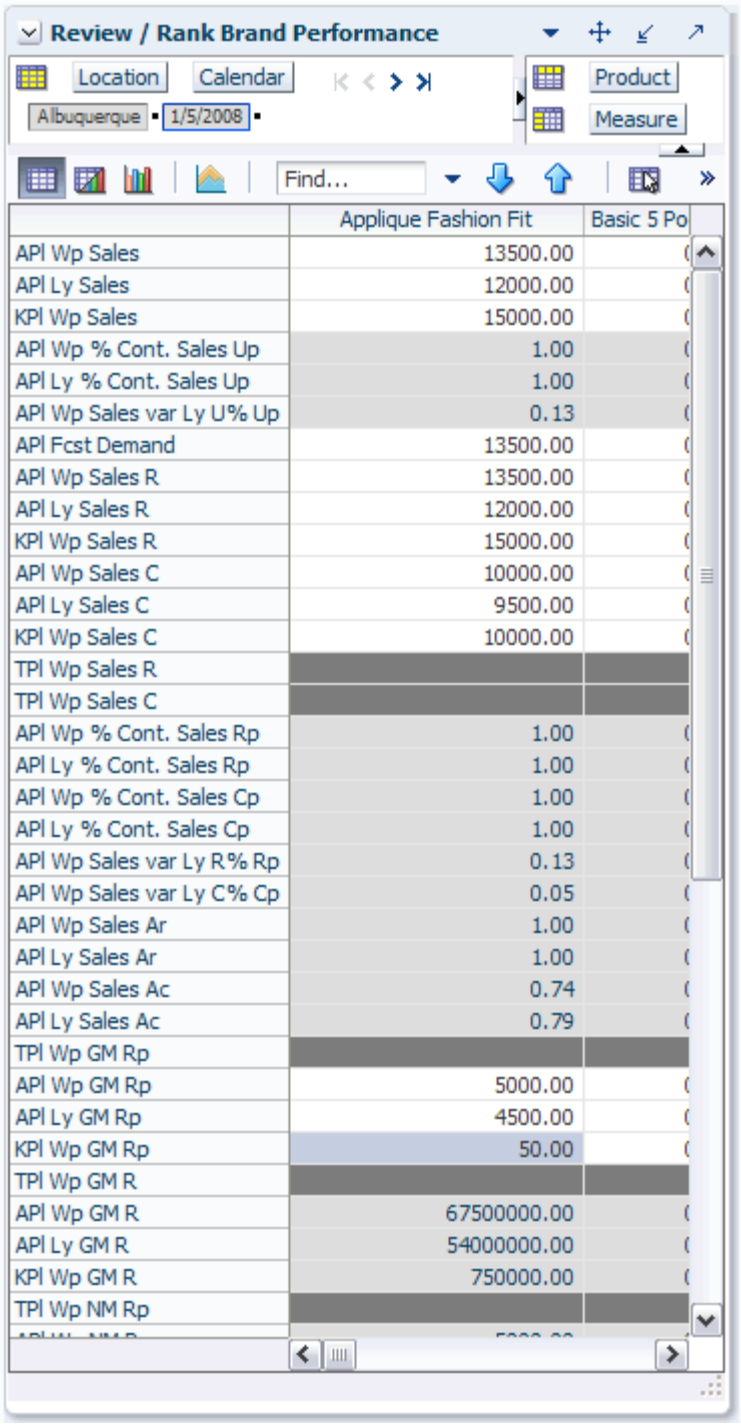
- Review / Rank Brand Performance View
- Brand Rank (Brand) View
- Brand Rank (SKU) View

Overall SKU by brand performance is viewed on the Review / Rank Brand Performance View. The Brand Rank (Brand) View is used for assigning ranks to brands found within the assortment mix. The Brand Rank (SKU) View where the brand rank by SKU is calculated and text notes are added.

Review / Rank Brand Performance View

Use this view to assign ranks to brands found within the assortment mix. The Brand Rank (SKU) View is where the brand rank by SKU is calculated and text notes are added.

Figure 7–7 Review/Rank Brand Performance View



	Applique Fashion Fit	Basic 5 Po
APl Wp Sales	13500.00	
APl Ly Sales	12000.00	
KPl Wp Sales	15000.00	
APl Wp % Cont. Sales Up	1.00	
APl Ly % Cont. Sales Up	1.00	
APl Wp Sales var Ly U% Up	0.13	
APl Fcst Demand	13500.00	
APl Wp Sales R	13500.00	
APl Ly Sales R	12000.00	
KPl Wp Sales R	15000.00	
APl Wp Sales C	10000.00	
APl Ly Sales C	9500.00	
KPl Wp Sales C	10000.00	
TPl Wp Sales R		
TPl Wp Sales C		
APl Wp % Cont. Sales Rp	1.00	
APl Ly % Cont. Sales Rp	1.00	
APl Wp % Cont. Sales Cp	1.00	
APl Ly % Cont. Sales Cp	1.00	
APl Wp Sales var Ly R% Rp	0.13	
APl Wp Sales var Ly C% Cp	0.05	
APl Wp Sales Ar	1.00	
APl Ly Sales Ar	1.00	
APl Wp Sales Ac	0.74	
APl Ly Sales Ac	0.79	
TPl Wp GM Rp		
APl Wp GM Rp	5000.00	
APl Ly GM Rp	4500.00	
KPl Wp GM Rp	50.00	
TPl Wp GM R		
APl Wp GM R	67500000.00	
APl Ly GM R	54000000.00	
KPl Wp GM R	750000.00	
TPl Wp NM Rp		

To review the brand performance, perform the following steps:

1. Review item by brand forecasted item demand.
2. Review item by brand performance assessment measures such as sales, gross margin, net margin, GMROI, and average inventory.
3. Compare current item by brand performance with last year's performance using assessment measures such as sales, gross margin, net margin, GMROI, and average inventory.
4. Compare item performance by brand against key item targets (if available).
5. Review aggregated item performance against financial targets (if available).

Table 7–2 lists the measures in this view.

Table 7–2 Review/Rank Brand Performance View Measures

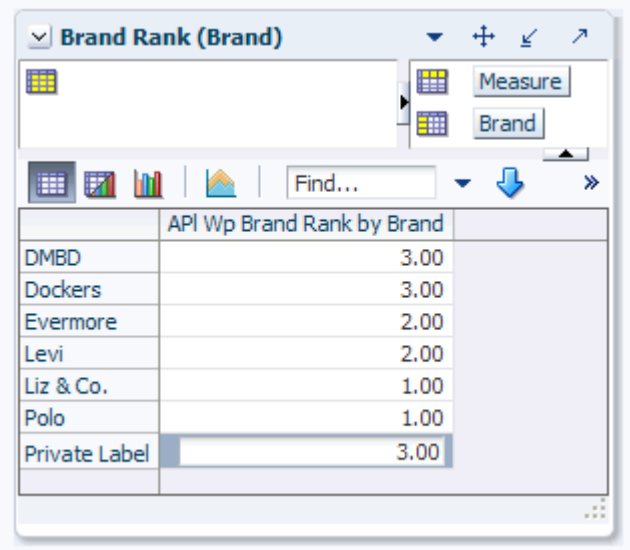
Measure	Description
TO	Inventory turn over.
Sales var Ly	Sales variance to last year expressed as a percentage.
Sales	Sales.
NM	Net margin.
GMROI	Gross margin return on investment.
GM	Gross margin.
Demand	Forecasted unit demand.
Avg Inv	Average inventory.
% Cont. Sales	Child sales contribution to parent sales expressed as a percentage.

After you have reviewed brand performance, continue to the Brand Rank (Brand) View.

Brand Rank (Brand) View

Use this view to assign ranks to brands found within the assortment mix.

Figure 7–8 Brand Rank (Brand) View



To assign ranks to brands, perform the following steps:

1. Enter 1 to 3 ranking for each brand, where 1 is assigned to the best performing brands and 3 to the least.

> **Note:** The rankings assigned to brands are used in calculating the overall item rank used in the keep or de-list decision making the end of the Assortment Rationalization task.

2. Click **Calculate** to apply the rankings.

Table 7–3 lists the measures in this view.

Table 7–3 Brand Rank (Brand) View Measure

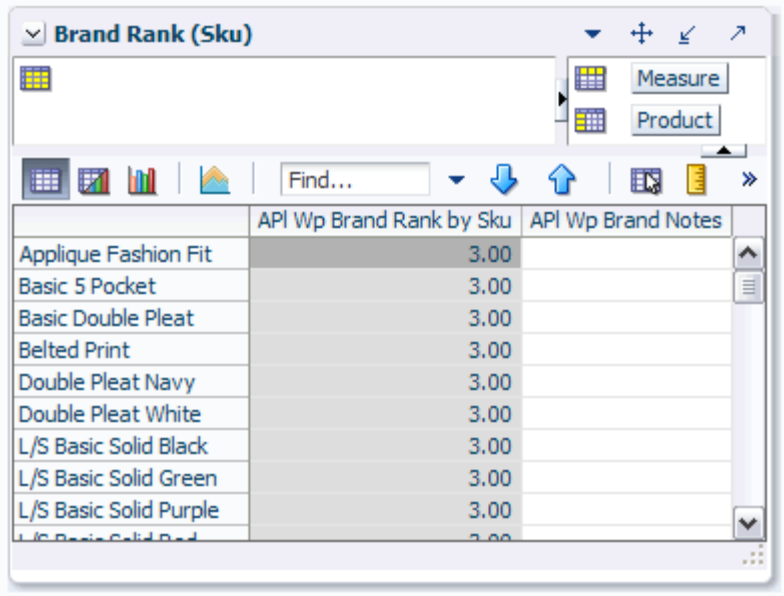
Measure	Description
Brand Rank By Brand	Ranking from 1 to 3 of brand performance.

After you have ranked the brands, continue to the Brand Rank (SKU) View.

Brand Rank (SKU) View

Use this view to review the brand ranks and add notes.

Figure 7–9 Brand Rank (Sku) View



To sort and note brand ranking, perform the following steps:

1. Sort SKUs by brand ranking. SKUs with the highest ranking are ranked with a 1.
2. Enter comments in the API Wp Brand Notes measure.
3. Click **Calculate** to apply the text information.

Table 7–4 lists the measures in this view.

Table 7–4 Brand Rank (SKU) View Measures

Measure	Description
Brand Rank by SKU	Item by brand ranking assignment reflecting previously assigned brand rank.
Brand Notes	Text field for entering item by brand rank observations.

After you have noted the brand ranks, continue to the Feature Analysis Step.

Feature Analysis Step

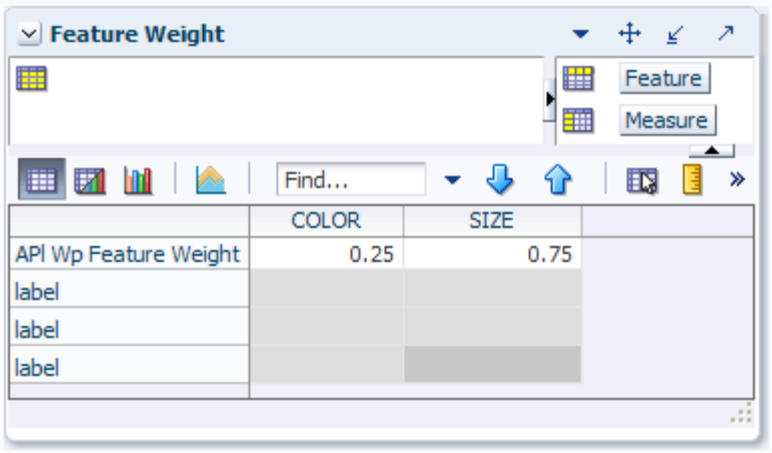
Use this step to weight importance of predefined features to calculate a feature ranking. This step contains three views:

- Feature Weight View
- Feature Rank View
- Review / Rank Item Features View (Optional)

Feature Weight View

Use this view to enter the rank of features. This rank is used for calculation.

Figure 7–10 Feature Weight View



To enter the feature ranks, perform the following steps:

1. Review feature categories and criteria listed as important in the categories.

> **Note:** Categories are updated by way of scheduled batch routines that update the feature dimension. The feature criteria are managed administratively. For more information, see the Administration chapter.

2. Enter the desired weight of each feature. This weight is used in the final item by feature ranking.

> **Note:** The sum of all the categories weights must equal 1.

3. Click **Calculate** to apply the category weight assignments.

Table 7–5 lists the measures in this view.

Table 7–5 Feature Weight View Measures

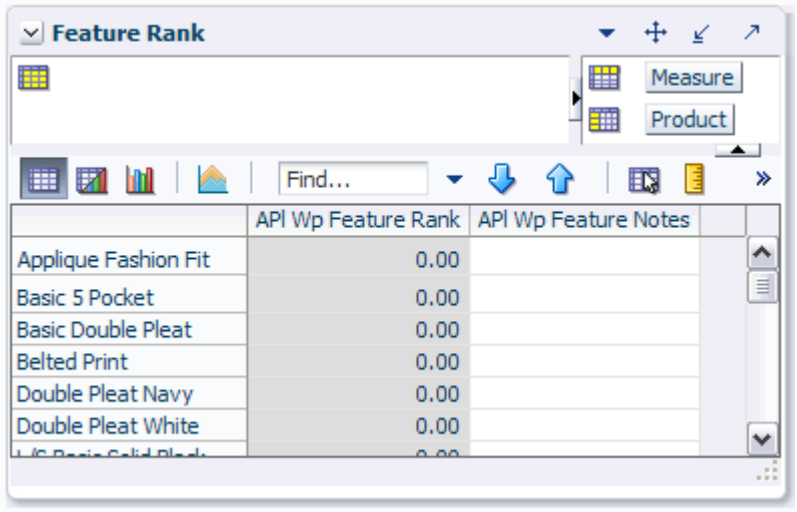
Measure	Description
Feature Criteria	Category attributes that are recognized as being important in evaluating items by feature.
Feature Weight	Weight assigned to each feature category.

After entering the feature ranks, continue to the Feature Rank View.

Feature Rank View

This view contains the final feature ranking. Use the notes measure to enter comments.

Figure 7–11 Feature Rank View



To review and notate the feature ranks, perform the following steps:

1. Sort the product dimension by using the API Wp Feature Rank measure.
2. Review item by feature ranking.
3. Enter observations in the API Wp Features Notes measure.
4. Click **Save** to apply entered information.

Table 7–6 lists the measures in this view.

Table 7–6 Feature Rank View Measures

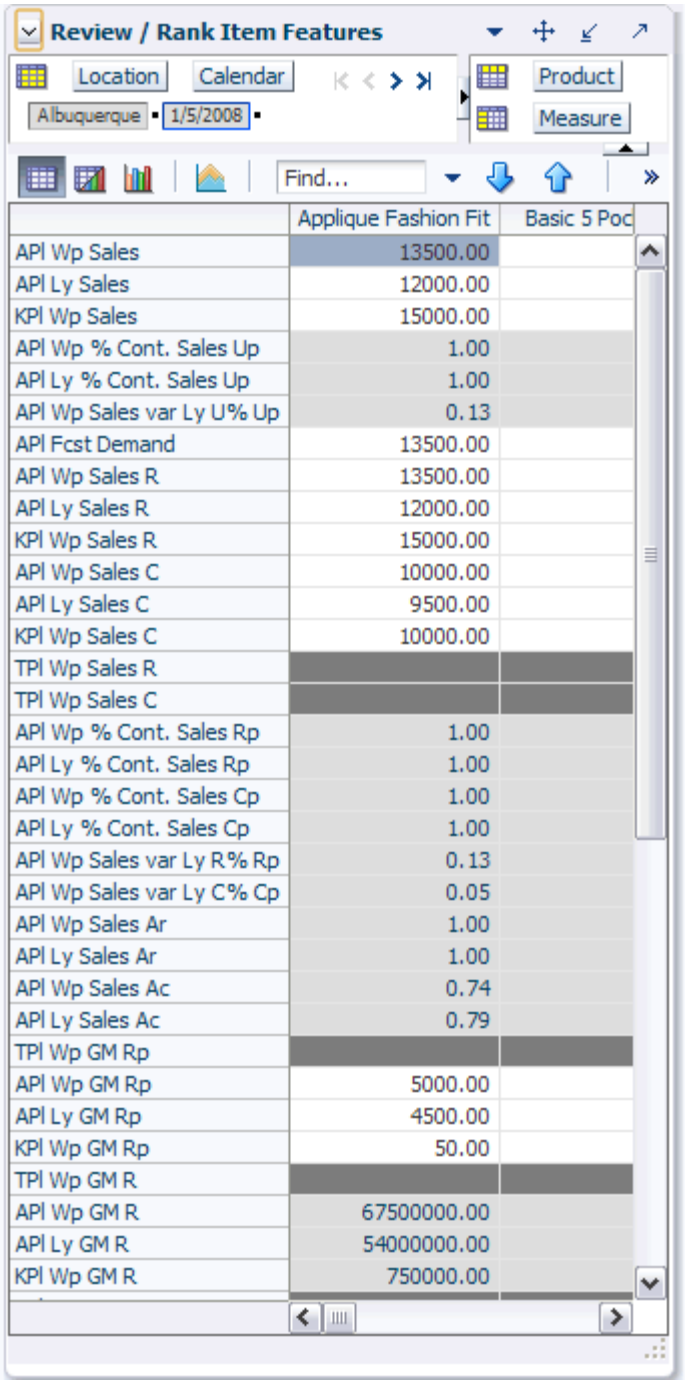
Measure	Description
Feature Rank	Item by feature calculated ranking assignment using assigned feature weight and feature thresholds assigned in the Administration workbook.
Feature Notes	Text field for entering item by brand rank observations.

After noting the feature ranks, continue to the Review / Rank Item Features View (Optional).

Review / Rank Item Features View (Optional)

Use this view to review the item performance measures.

Figure 7–12 Review/Rank Item Features View



	Applique Fashion Fit	Basic 5 Poc
APl Wp Sales	13500.00	
APl Ly Sales	12000.00	
KPl Wp Sales	15000.00	
APl Wp % Cont. Sales Up	1.00	
APl Ly % Cont. Sales Up	1.00	
APl Wp Sales var Ly U% Up	0.13	
APl Fcst Demand	13500.00	
APl Wp Sales R	13500.00	
APl Ly Sales R	12000.00	
KPl Wp Sales R	15000.00	
APl Wp Sales C	10000.00	
APl Ly Sales C	9500.00	
KPl Wp Sales C	10000.00	
TPl Wp Sales R		
TPl Wp Sales C		
APl Wp % Cont. Sales Rp	1.00	
APl Ly % Cont. Sales Rp	1.00	
APl Wp % Cont. Sales Cp	1.00	
APl Ly % Cont. Sales Cp	1.00	
APl Wp Sales var Ly R% Rp	0.13	
APl Wp Sales var Ly C% Cp	0.05	
APl Wp Sales Ar	1.00	
APl Ly Sales Ar	1.00	
APl Wp Sales Ac	0.74	
APl Ly Sales Ac	0.79	
TPl Wp GM Rp		
APl Wp GM Rp	5000.00	
APl Ly GM Rp	4500.00	
KPl Wp GM Rp	50.00	
TPl Wp GM R		
APl Wp GM R	67500000.00	
APl Ly GM R	54000000.00	
KPl Wp GM R	750000.00	

Note: The Review / Rank Item Features view is optional. It is a duplicate view of the Review / Rank Item Performance View and Review Net Margin Components by Item View.

To review the item performance, perform the following steps:

1. Review item forecasted item demand.
2. Review item performance assessment measures such as sales, gross margin, net margin, GMROI, and average inventory.
3. Compare current item performance with last year's performance using assessment measures such as sales, gross margin, net margin, GMROI and average inventory.
4. Compare item performance against key item targets (if available).
5. Review aggregated item performance against financial targets (if available).

Table 7–7 lists the measures in this view.

Table 7–7 Review/Rank Item Features View Measures

Measures	Description
TO	Inventory turn over.
Sales var Ly	Sales variance to last year expressed as a percentage.
Sales	Sales.
NM	Net margin.
GMROI	Gross margin return on investment.
GM	Gross margin.
Demand	Forecasted unit demand.
Ave Inv	Average inventory.
% Cont.	Child sales contribution to parent sales expressed as a percentage.

After you have reviewed the item features, continue to the Performance Analysis Step.

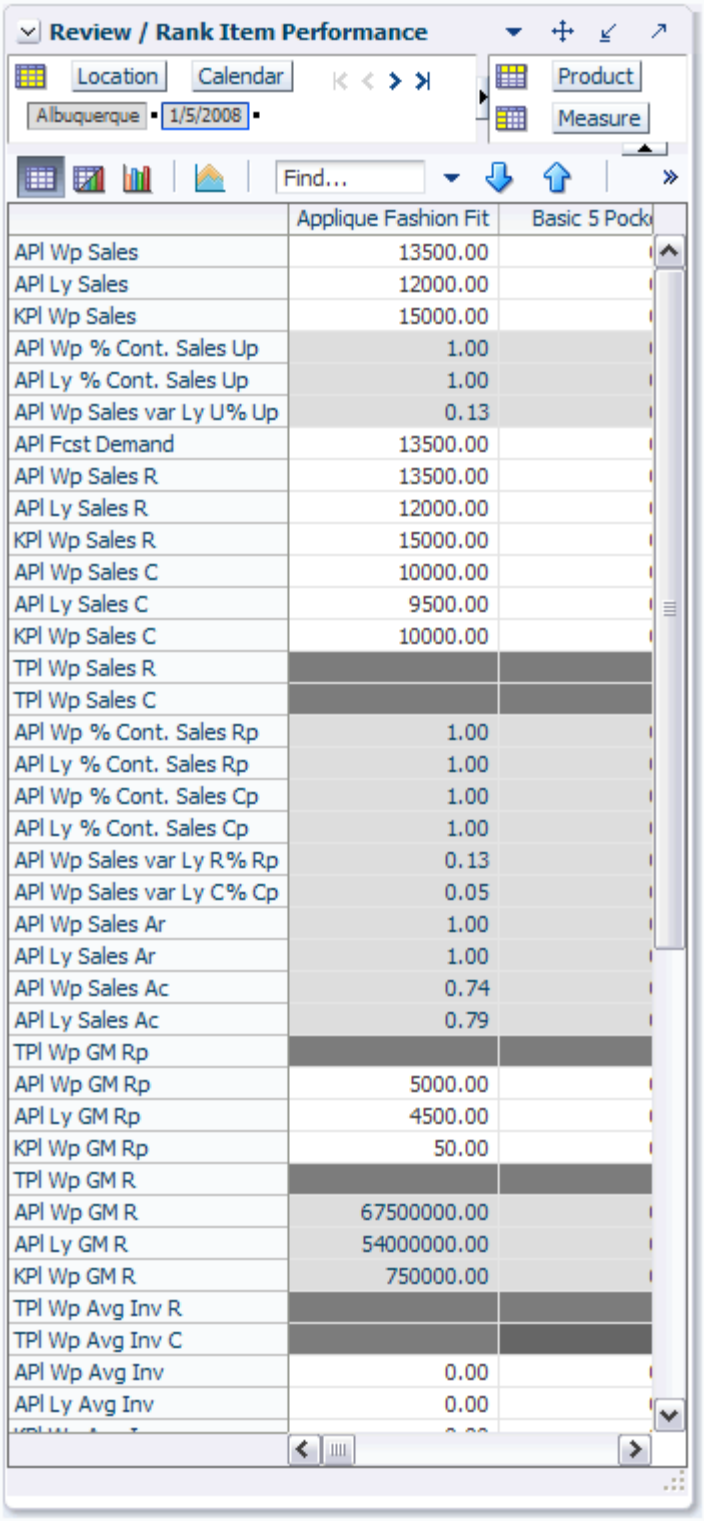
Performance Analysis Step

This step provides a view facilitating financial performance analysis. Financial and item planning targets are provided. This step contains one view: Review/Rank Item Performance.

Review / Rank Item Performance View

Use this view to review all of the measures that are needed to accurately assess the gross margin performance of an item. You should also assess the role that the item plays within the product mix towards achieving the financial goals of the total category. The role of the category as determined in the Macro Rationalization task is visible. Targets from item planning and financial planning are also available to support this step.

Figure 7–13 Review/Rank Item Performance View



	Applique Fashion Fit	Basic 5 Pock
APl Wp Sales	13500.00	
APl Ly Sales	12000.00	
KPl Wp Sales	15000.00	
APl Wp % Cont. Sales Up	1.00	
APl Ly % Cont. Sales Up	1.00	
APl Wp Sales var Ly U% Up	0.13	
APl Fcst Demand	13500.00	
APl Wp Sales R	13500.00	
APl Ly Sales R	12000.00	
KPl Wp Sales R	15000.00	
APl Wp Sales C	10000.00	
APl Ly Sales C	9500.00	
KPl Wp Sales C	10000.00	
TPl Wp Sales R		
TPl Wp Sales C		
APl Wp % Cont. Sales Rp	1.00	
APl Ly % Cont. Sales Rp	1.00	
APl Wp % Cont. Sales Cp	1.00	
APl Ly % Cont. Sales Cp	1.00	
APl Wp Sales var Ly R% Rp	0.13	
APl Wp Sales var Ly C% Cp	0.05	
APl Wp Sales Ar	1.00	
APl Ly Sales Ar	1.00	
APl Wp Sales Ac	0.74	
APl Ly Sales Ac	0.79	
TPl Wp GM Rp		
APl Wp GM Rp	5000.00	
APl Ly GM Rp	4500.00	
KPl Wp GM Rp	50.00	
TPl Wp GM R		
APl Wp GM R	67500000.00	
APl Ly GM R	54000000.00	
KPl Wp GM R	750000.00	
TPl Wp Avg Inv R		
TPl Wp Avg Inv C		
APl Wp Avg Inv	0.00	
APl Ly Avg Inv	0.00	

To review and rank the item performance, perform the following steps:

1. Review the Category Role measure from the Macro Rationalization task.
2. Review the Mandatory Category measure for category status.

3. Review API Fcst Demand measure for the forecasted demand.
4. Review key assessment measures such as sales, average inventory, inventory turn over and gross margin.
5. Sort products using the GM Rp measure to view items in order of gross margin % contribution.
6. Compare performance against last year's financial and key item targets.
7. Enter observations in the API Wp Performance Notes measure.
8. Click **Calculate** to apply the information.

Table 7–8 lists the measures in this view.

Table 7–8 Review/Rank Item Performance View Measures

Measure	Description
TO	Inventory turn over.
Sales var Ly	Sales variance to last year expressed as a percentage.
Sales	Sales.
NM	Net margin.
GMROI	Gross margin return on investment.
GM	Gross margin.
Demand	Forecasted unit demand.
Ave Inv	Average inventory.
% Cont. Sales	Child sales contribution to parent sales expressed as a percentage.
Performance Rank	Calculated performance rank.
Performance Notes	Text field for entering item performance observations.

After reviewing the item performance, continue to the Net Margin Analysis Step.

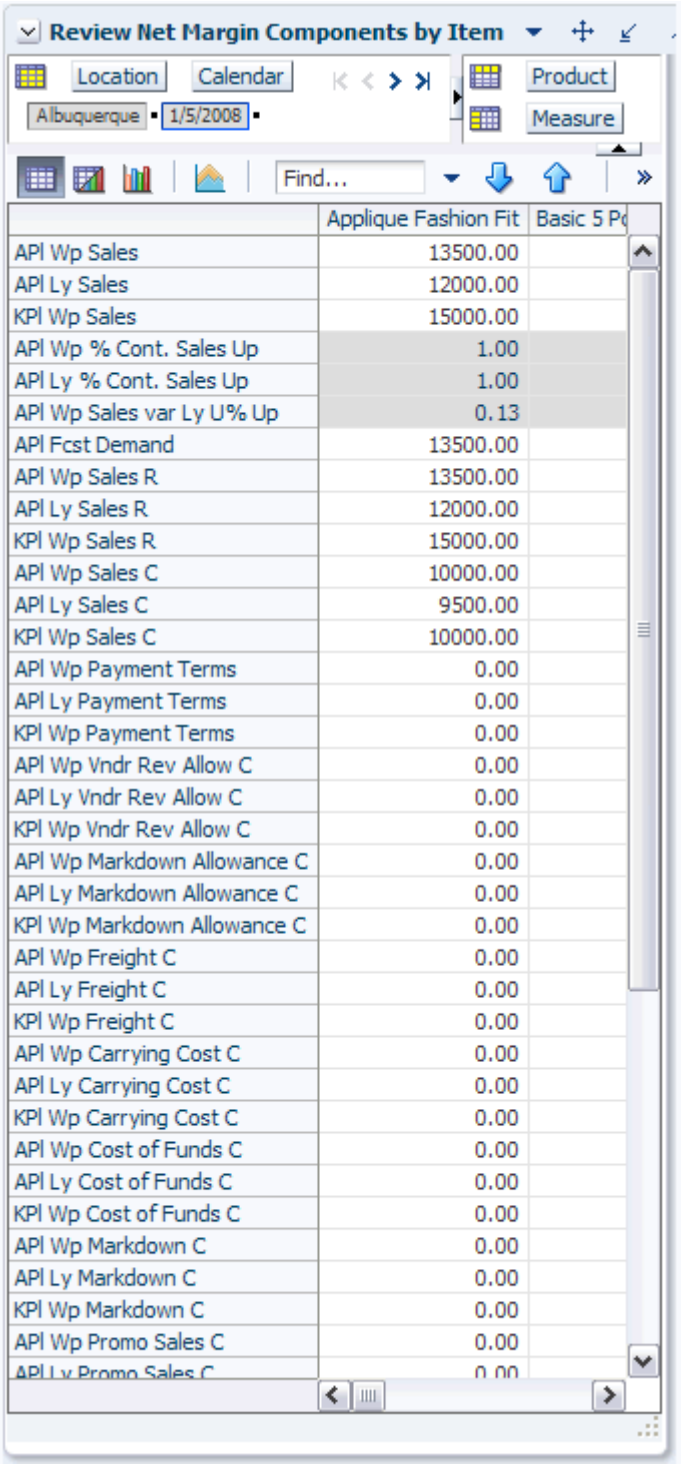
Net Margin Analysis Step

Use this step to review the net margin components for each item. This step contains one view: Review Net Margin Components by Item.

Review Net Margin Components by Item View

Use this view to review the individual net margin components at the item level. The net margin percent provides the metric used in calculating the item performance ranking used in the Item Scorecard Step.

Figure 7–14 Review Net Margin Components by Item View



	Applique Fashion Fit	Basic 5 Pc
APl Wp Sales	13500.00	
APl Ly Sales	12000.00	
KPl Wp Sales	15000.00	
APl Wp % Cont. Sales Up	1.00	
APl Ly % Cont. Sales Up	1.00	
APl Wp Sales var Ly U% Up	0.13	
APl Fcst Demand	13500.00	
APl Wp Sales R	13500.00	
APl Ly Sales R	12000.00	
KPl Wp Sales R	15000.00	
APl Wp Sales C	10000.00	
APl Ly Sales C	9500.00	
KPl Wp Sales C	10000.00	
APl Wp Payment Terms	0.00	
APl Ly Payment Terms	0.00	
KPl Wp Payment Terms	0.00	
APl Wp Vndr Rev Allow C	0.00	
APl Ly Vndr Rev Allow C	0.00	
KPl Wp Vndr Rev Allow C	0.00	
APl Wp Markdown Allowance C	0.00	
APl Ly Markdown Allowance C	0.00	
KPl Wp Markdown Allowance C	0.00	
APl Wp Freight C	0.00	
APl Ly Freight C	0.00	
KPl Wp Freight C	0.00	
APl Wp Carrying Cost C	0.00	
APl Ly Carrying Cost C	0.00	
KPl Wp Carrying Cost C	0.00	
APl Wp Cost of Funds C	0.00	
APl Ly Cost of Funds C	0.00	
KPl Wp Cost of Funds C	0.00	
APl Wp Markdown C	0.00	
APl Ly Markdown C	0.00	
KPl Wp Markdown C	0.00	
APl Wp Promo Sales C	0.00	
APl Ly Promo Sales C	0.00	

To review the net margin, perform the following steps:

1. Review the GM R value measure.
2. Review the individual net margin components measures.
3. Compare the net margin components against last year's item planning targets and financial aggregate targets.
4. Review net margin measures.
5. Review the calculated item performance ranking.
6. Sort items using the API Wp Performance Rank measure.
7. Enter observations into the API Wp Performance Notes measure.
8. Click **Calculate** to apply the information.

Table 7–9 lists the measures in this view.

Table 7–9 Review Net Margin Components by Item View Measures

Measure	Description
Vndr Rev Allow	Vendor revenue allowance.
Sales	Sales.
Promo Sales	Promotional sales (temporary price reductions).
Payment Terms	Payment terms on invoices.
NM Notes	Net margin notes.
NM	Net margin.
Markdown Allowance	Markdown allowances.
Markdown	Markdowns.
GM	Gross margin.
Freight	Freight costs.
Cost of Funds	Cost of funds.
Carrying Costs	Carrying costs.

Next, continue to the Item Scorecard Step.

Item Scorecard Step

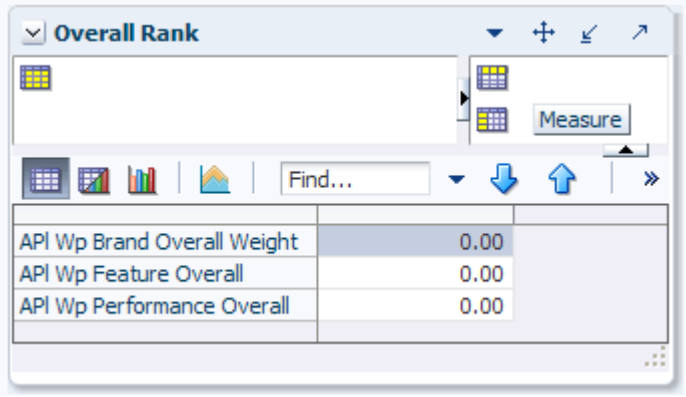
Use this step to rank items and assign roles to those items. Assortment rationalization is complete after these items are assigned roles and types. This step contains two views:

- Overall Rank View
- Assign Item Role and Type View

Overall Rank View

Use this view to weight the relative importance of brand, feature, and performance.

Figure 7–15 Overall Rank View



To weight the item features, perform the following steps:

1. Assign a relative to importance weight to the brand, feature, and performance analysis features. This weight is used in calculating the final rank of an item. The weight must sum to 1.
2. Click **Calculate** to apply the data just entered.

Table 7–10 lists the measures in this view.

Table 7–10 Overall Rank View Measures

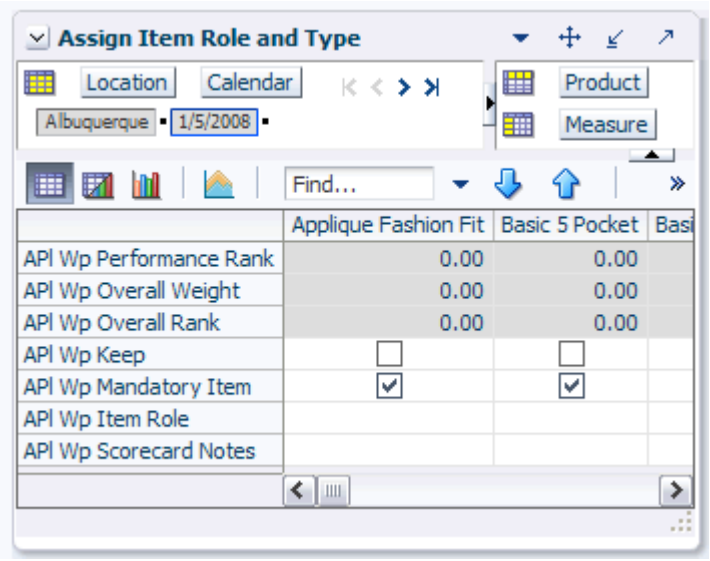
Measures	Description
Brand Overall Weight	Weight expressed as a percentage and assigned to represent the importance of brand in evaluating an item.
Feature Overall Weight	Weight expressed as a percentage and assigned to represent the importance of features in evaluating an item.
Performance Overall Weight	Weight expressed as a percentage and assigned to represent the importance of performance in evaluating an item.

Next, continue to the Assign Item Role and Type View.

Assign Item Role and Type View

Use this view to review the overall calculated item rank. Assign each item a role and decide whether to keep or de-list an item. In addition, add scorecard notes and the item's mandatory status.

Figure 7–16 Assign Item Role and Type View



To assign item roles and types, perform the following steps:

1. Review API Wp Overall Rank measure.
2. Review API Wp Overall Weight measure.
3. Assign item roles using the pick list in the API Wp Item Role measure.
4. Assign list, de-list status of the item using the API Wp Keep check box measure.
5. Assign item type for assortment optimization status using the API Wp Mandatory Item check box measure.
6. Enter notes in the API Wp Scorecard Notes measure.
7. Click **Calculate** to apply the data entered.

Table 7–11 lists the measures in this view.

Table 7–11 Assign Item Role and Type View Measures

Measure	Description
Overall Weight	Calculated overall weight combining brand, feature, and performance thresholds and weights.
Overall Rank	Calculated ranking using inputs from prior steps.
Item Role	Measure consisting of a drop down list of item roles.
Keep	Check box measure that indicates the item is to be kept or de-listed.
Mandatory Item	Check box measure that indicates if an item is to be considered mandatory as the assortment is optimized.
Scorecard Notes	Text field for entering observations and action points as a result of the Item Scorecard Step.

Next Steps

After you have completely all the steps of assigning item relevance and performance, save and commit the workbook. Then, continue to the Assortment Optimization task, described in the next chapter.

8

Assortment Optimization

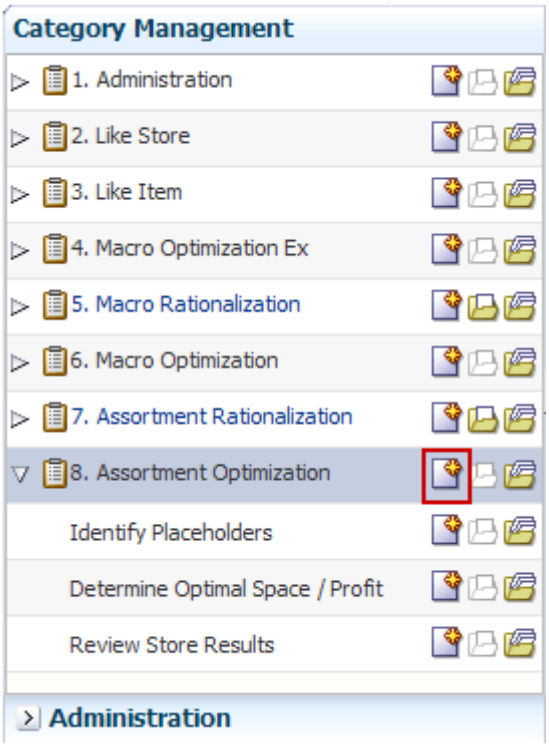
Use this task to optimize the category mix within the context of available space and profit potential.

Create Assortment Optimization Workbook

To build the Assortment Optimization workbook, perform the following steps:

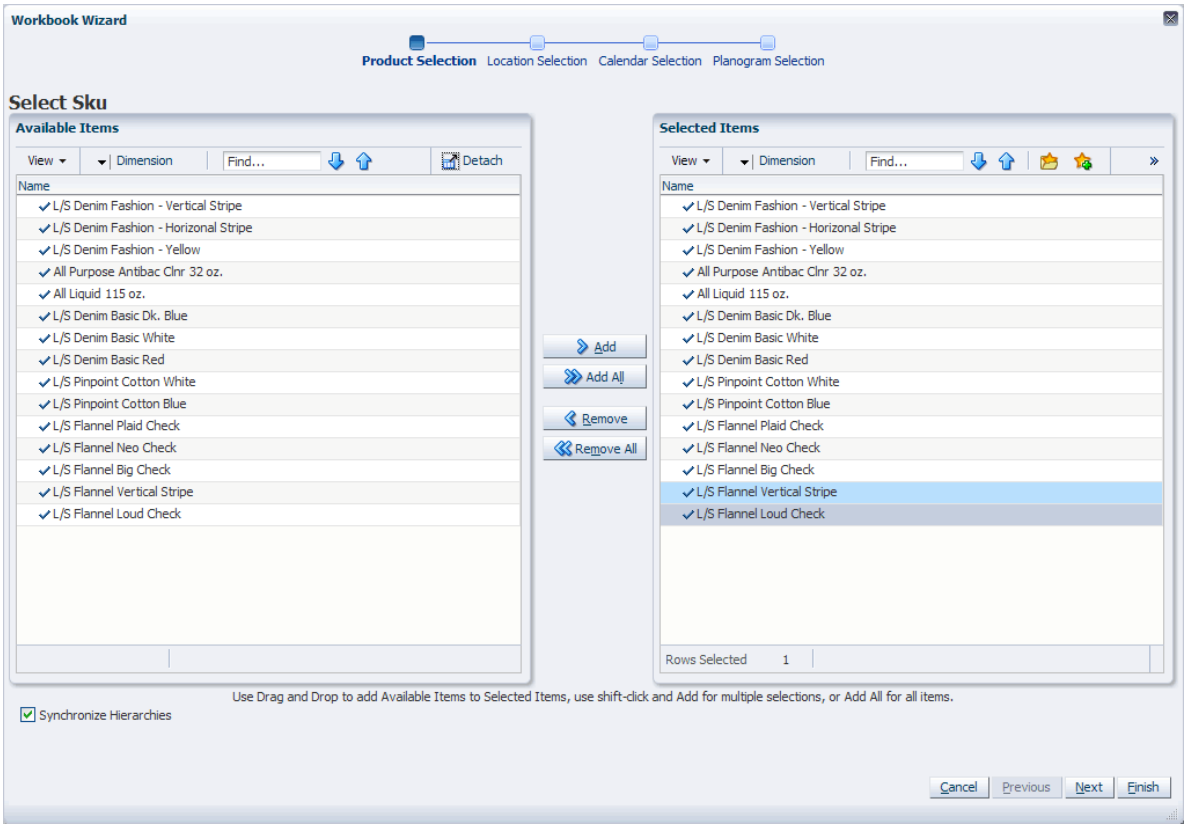
1. Click the **New Workbook** icon in the Assortment Optimization task.

Figure 8–1 Assortment Optimization Task



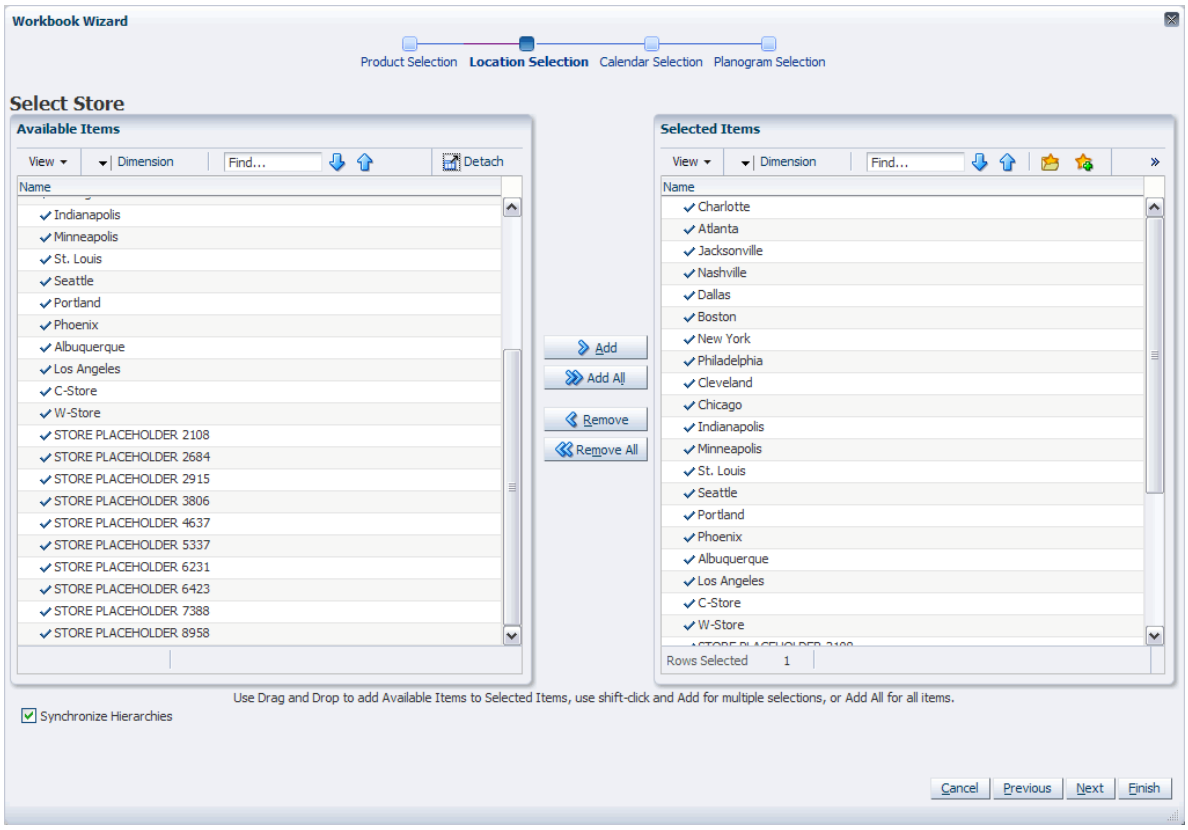
2. The Assortment Optimization wizard appears. Select the products to be optimized. Only a product with an assigned planogram is displayed for selection. Click **Next**.

Figure 8–2 Assortment Optimization Wizard - Select SKU



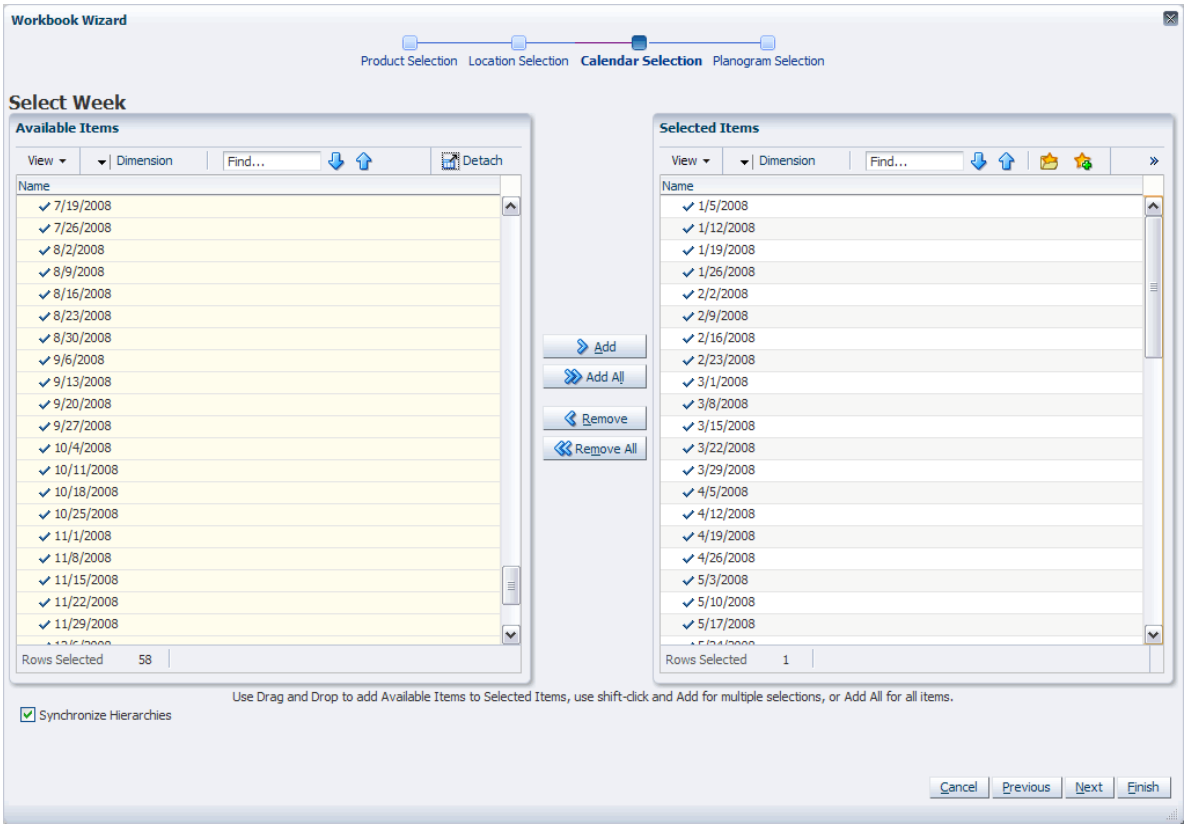
3. Define the locations to be optimized. Only the locations that carry the selected product are displayed for selection. Click **Next**.

Figure 8–3 Assortment Optimization Wizard - Select Store



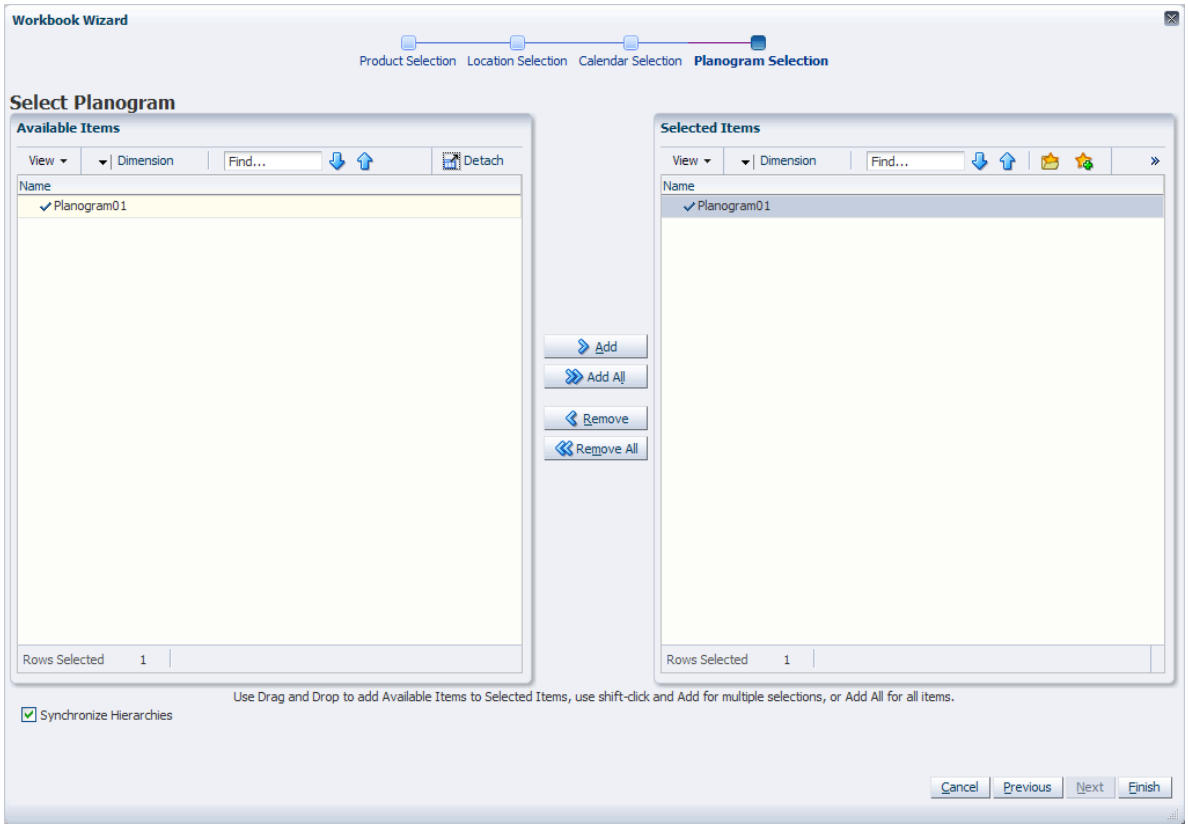
4. Define the time frame to be optimized. Only the time frames that carry the selected product at the selected stores are displayed for selection. Click **Next**.

Figure 8–4 Assortment Optimization Wizard - Select Week



5. Define the planogram to be optimized. Only planograms that have the selected product at the selected stores during the selected time frame are displayed for selection. Click **Finish**.

Figure 8–5 Assortment Optimization Wizard - Select Planogram



The Assortment Optimization workbook is built.

Identify Placeholders Step

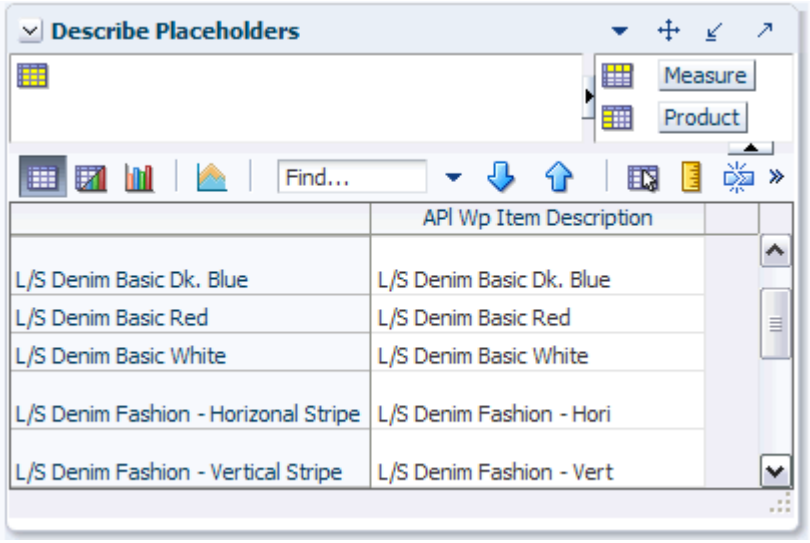
When placeholder items are added to the assortment mix during assortment optimization, they are described (labeled) using this step. This step contains one view: Describe Placeholders.

Note: If placeholder functionality is not required, you can skip this step. If skipped, begin at the Determine Optimal Space / Profit Step. This placeholder identification process is the same as that described in the Assortment Rationalization and Like Item tasks. Placeholders identified in these steps appear here as already defined.

Describe Placeholders View

Use this view to describe the placeholders in the assortment mix.

Figure 8–6 Describe Placeholders View



To describe placeholders, perform the following steps:

1. Enter a placeholder description in the API Wp Item Description measure.
2. Click **Calculate** to apply descriptions.

Table 8–1 lists the measures in this view.

Table 8–1 Describe Placeholders View Measures

Measure	Description
Item Description	User provided label used to describe a placeholder item.

After you have described the placeholders, continue to the Determine Optimal Space / Profit Step.

Determine Optimal Space / Profit Step

Use this step to manipulate optimization constraints, view, and assess the results of the optimization routine. The results of this step are viewed at aggregated levels, such as store cluster and phase.

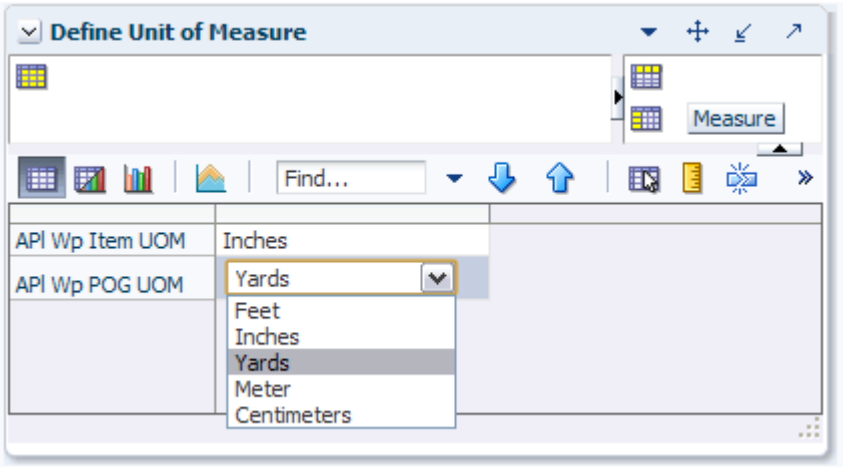
This step contains four views:

- Define Unit of Measure View
- Optimization Constraints View
- Optimize Inputs View
- Optimize Space and Profit View

Define Unit of Measure View

Use this view to define the unit of measure for the assortment optimization.

Figure 8–7 Define Unit of Measure View



To define the unit of measure, perform the following steps:

1. From the pick list, select an item unit of measure in the API Wp Item UOM measure.
2. From the pick list, select a planogram shelf size unit of measure in the API Wp POG UOM measure.
3. Click **Calculate** to apply the entries.

Table 8–2 lists the measures in this view.

Table 8–2 Define Unit of Measures View Measures

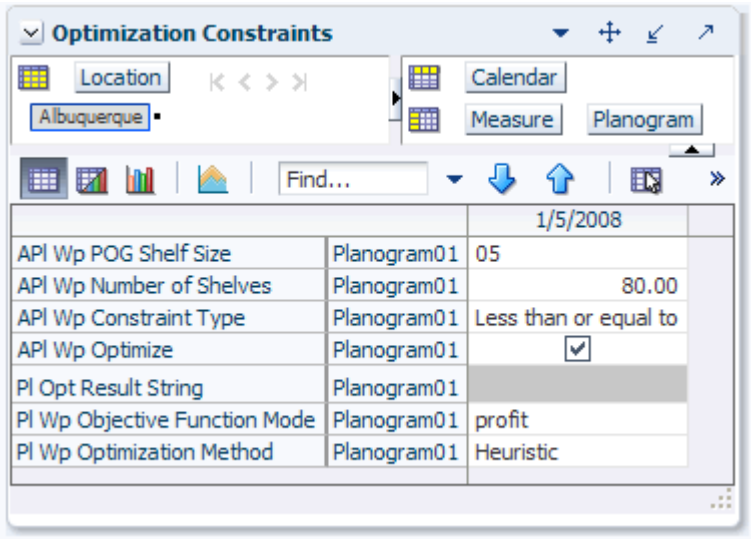
Measure	Description
Item UOM	Drop down list of unit of measure options (inches, centimeters, feet) for each item.
POG UOM	Drop down list of unit of measure options (inches, centimeters, feet, yards) for each planogram.

After you have defined the units of measure, continue to the Optimization Constraints View.

Optimization Constraints View

Use this view to define the optimization constraints for the assortment optimization.

Figure 8–8 Optimization Constraints View



To define the optimization constraints, perform the following steps:

1. In the API Wp Constraint Type measure, select the constraint type.
2. In the API Wp Number of Shelves measure, enter the number of shelves per planogram if not already specified in the Administration task.
3. In the API Wp POG Shelf Size measure, enter the shelf size per planogram if not already specified in the Administration task.
4. In the PI Wp Objective Function Mode, select the desired optimization objective function metric.
5. In the PI Wp Optimization Method measure, select the desired optimization method.

   Note: Heuristic does not support "Exactly equal to".

   The API Wp Optimize measure is used after completing the remaining views in the steps that follow.
6. Click **Calculate** to apply the data.

Table 8–3 lists the measures in this view.

Table 8–3 Define Unit of Measures View Measures

Measure	Description
POG Shelf Size	Single select measure with a list of appropriate shelf lengths for the item to be optimized.
Objective Function Mode	The optimization metric. The available options are: profit, revenue return on space, unit return on space, gross margin return on space.

Table 8–3 (Cont.) Define Unit of Measures View Measures

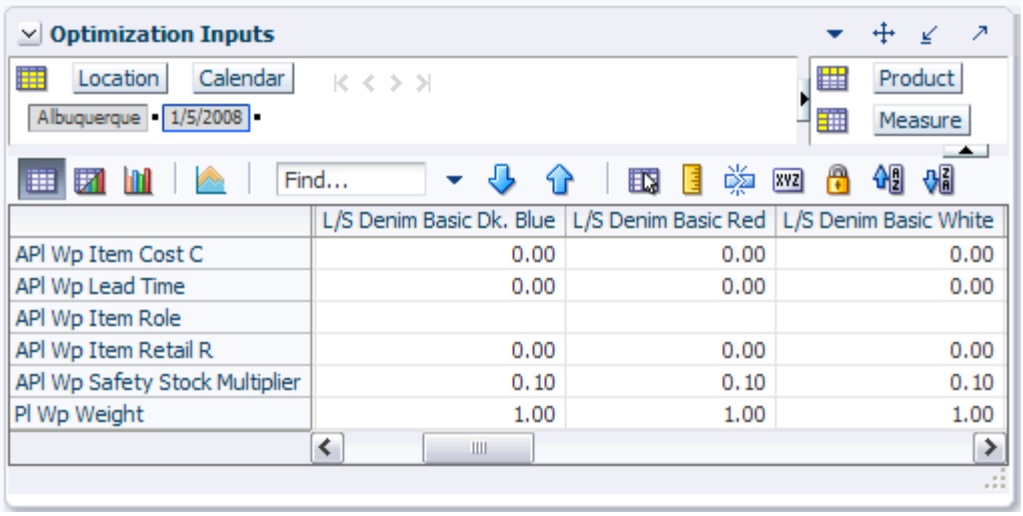
Measure	Description
Optimization Method	The optimization algorithm. The available options are Optimal and Heuristic.
Number Of Shelves	Number of shelves on the planogram to be optimized.
Opt Result String	The String containing optimization validation information.
Constraint Type	Single select measure that specifies the constrain type. The available options are "less than or equal to" and "exactly equal to".
Optimize	When enabled, this check box measure initiates the optimization routine.

After you have defined the optimization constraints, continue to the Optimize Inputs View.

Optimize Inputs View

Use this view to enter the optimization inputs for the assortment optimization.

Figure 8–9 Optimization Inputs View



To enter the optimization inputs, perform the following steps.

1. Review the data in the API Wp Item Role measure, which was entered in the Assortment Rationalization task.
2. Review and adjust item cost in the API Wp Item Cost C measure.
3. Review and adjust item retail in the API Wp Item Retail R measure.
4. Enter the number of weeks between reorders in the API Wp Lead Time measure.
5. In the PI Wp Weight measure, enter the weight per item. The specified weight is used to weight the item accordingly in the calculation of the objective function in the optimization routine.
6. Click **Calculate** to apply the optimization information.

Table 8–4 lists the measures in this view.

Table 8–4 Optimization Inputs View Measures

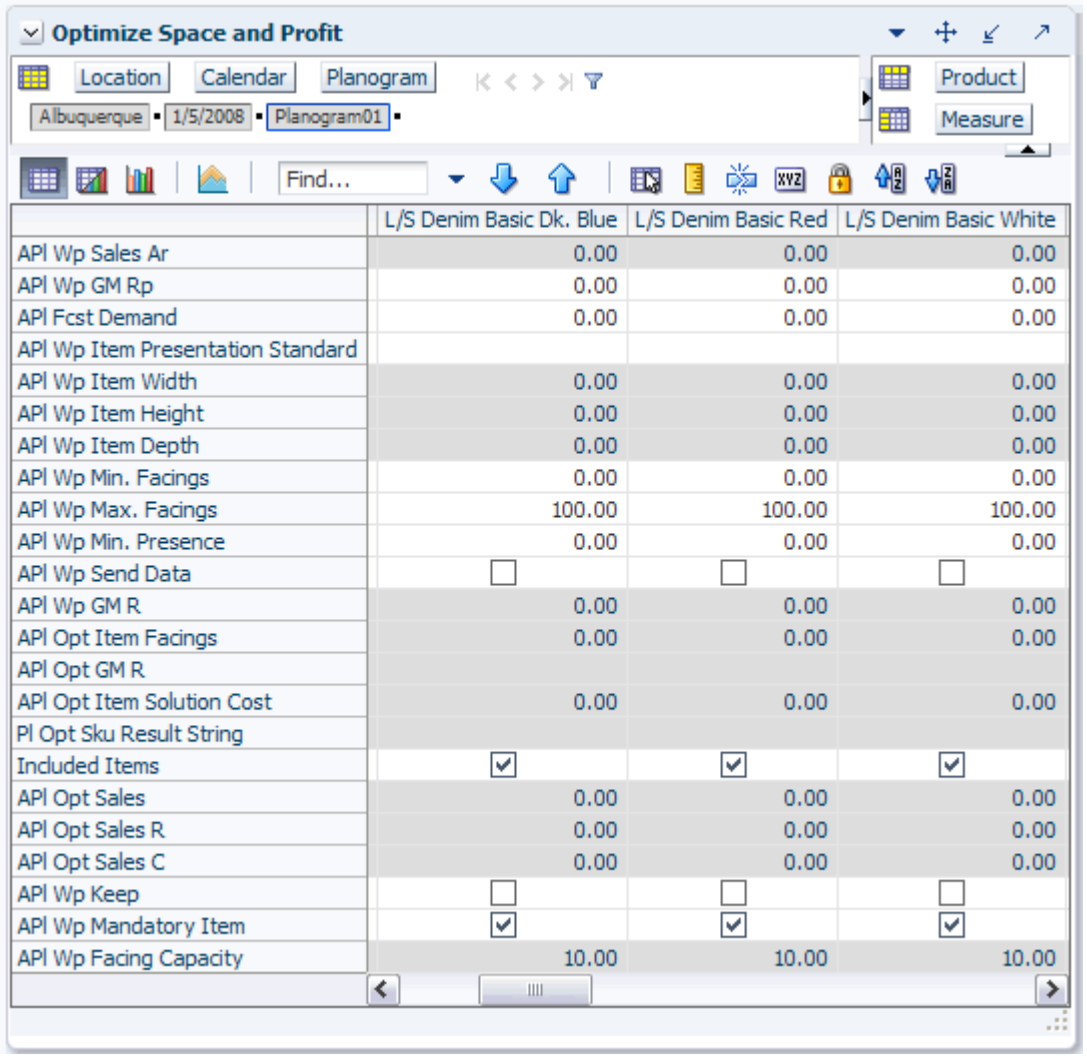
Measure	Description
Item Role	Strategic role assigned to items in the Assortment Rationalization task.
Item Cost	Amount paid to the Vendor for the item.
Item Retail	Full retail value of the item.
Lead Time	Number of weeks between reorders.
Weight	Multiplying factor for optimization metrics.

After you have entered the optimization inputs, continue to the Optimize Space and Profit View.

Optimize Space and Profit View

Provide a visual representation of the space-to-profit relationship data points.

Figure 8–10 Optimize Space and Profit View

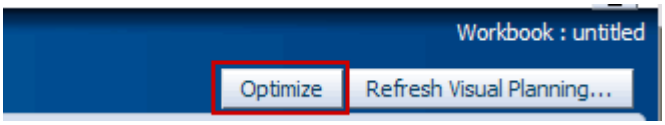


	L/S Denim Basic Dk. Blue	L/S Denim Basic Red	L/S Denim Basic White
APl Wp Sales Ar	0.00	0.00	0.00
APl Wp GM Rp	0.00	0.00	0.00
APl Fcst Demand	0.00	0.00	0.00
APl Wp Item Presentation Standard			
APl Wp Item Width	0.00	0.00	0.00
APl Wp Item Height	0.00	0.00	0.00
APl Wp Item Depth	0.00	0.00	0.00
APl Wp Min. Facings	0.00	0.00	0.00
APl Wp Max. Facings	100.00	100.00	100.00
APl Wp Min. Presence	0.00	0.00	0.00
APl Wp Send Data	☐	☐	☐
APl Wp GM R	0.00	0.00	0.00
APl Opt Item Facings	0.00	0.00	0.00
APl Opt GM R			
APl Opt Item Solution Cost	0.00	0.00	0.00
Pl Opt Sku Result String			
Included Items	☑	☑	☑
APl Opt Sales	0.00	0.00	0.00
APl Opt Sales R	0.00	0.00	0.00
APl Opt Sales C	0.00	0.00	0.00
APl Wp Keep	☐	☐	☐
APl Wp Mandatory Item	☑	☑	☑
APl Wp Facing Capacity	10.00	10.00	10.00

To enter the space and profit metrics, perform the following steps:

1. Enable the Included Items check box measure if the item should be included in the optimization routine.
2. Review the API Wp Keep measure as designated in the Assortment Rationalization workbook.
3. Enable the API Wp Mandatory Category check box measure if it is mandatory that the category is allocated space in the optimization routine.
4. Enter anticipated average selling price in the API Wp Sales Ar measures.
5. Review forecasted item demand in the API Fcst Demand measure.
6. Review the API Wp Item Presentation Standard measure. Change the item presentation standard by selecting from the pick list of options in the measure.
7. Review resulting new Item Depth, Item Height, Item Width, and Facing Capacity measurements that changed with the new item presentation.
8. Using the API Wp Min. Presence measure, enter the number of items on a shelf that would trigger the need to restock that shelf.
9. Review the current Gross Margin value and Gross Margin percentage measures.
10. In the API Wp Min. Facings measure, enter the minimum number of facings for this item on this planogram (see Optimization Constraints View for more information).
11. In the API Wp Max. Facings measure, enter the maximum number of facings for this item on this planogram.
12. Click **Calculate** to apply the optimization information.
13. Return to the Optimization Constraints View.
    a. Enable the API Wp Optimize check box. Click **Calculate** to apply.
    b. Click the **Optimize** button in the upper right corner to begin the optimization routine.

Figure 8–11 Optimize Button



14. Return to the Optimal Space and Profit view.
    a. Review the optimized number of facings in the API Opt Item Facings measure.
    b. Review optimized sales information in the Sales, Sales C, and Sales R measures.
    c. Review the anticipated gross margin value resulting from the optimization routine.
    d. Revise optimization inputs as necessary.
15. Click **Calculate** to apply changes.
16. Return to the Optimization Constraints View.
    a. Enable the Optimize check box. Click **Calculate** to apply.

b. Click the **Optimize** button in the upper right corner to re-initialize the optimization routine.

17. Return to the Optimize Space and Profit View and select the Send Data check box to initiate the passing of data from Assort to the space planning application.

> **Note:** You may choose to send data for selected items by checking the Send Data check box at the item level.

18. Click **Calculate** to apply the Send Data command.

19. Click **Save** to retain the information.

Table 8–5 lists the measures in this view.

Table 8–5 Optimize Space and Profit View Measures

Measure	Description
Include	Check box measure that indicates whether the item should be included in the optimization routine.
Keep	Check box measure from Assortment Rationalization task that indicates the keep or de-list status of an item.
Mandatory Item	Check box measure that indicates if it is mandatory that space be recommended for the item.
Sales Ar	Average selling price for the item.
Demand	Embedded unconstrained forecasted consumer demand for the item.
Item Presentation Standard	Single select drop down list of presentation options for each item. Each item is seeded with a default presentation style such as front or side.
Item Depth	Depth of the item given the presentation standard chosen.
Item Height	Height of the item given the presentation standard chosen.
Item Width	Width of the item given the presentation standard chosen.
Facing Capacity	Number of items behind each facing given the presentation standard chosen.
Min. Presence	Shelf quantity that triggers the restocking of that shelf.
GM	Gross margin.
Min. Facings	Minimum number of facings to be considered in the optimization routine.
Max. Facings	Maximum number of facings to be considered in the optimization routine.
Item Facings	The number of item facings returned by the optimization routine between the minimum and maximum boundaries.
Sales	Sales.
Send Data	Check box measure that indicates which optimized items may be sent to the visual space planning solution.

After you have entered the space-to-profit relationship data points, continue to the Review Store Results Step.

Review Store Results Step

Use this step to review the optimization routine produced in the Determine Optimal Space / Profit Step. If needed, individual stores may be re-optimized in this view.

Optimize View

After the space planning application processes the initial optimal space recommendations and execution of item on fixture layouts begins, there may be a need to communicate back to Category Management exceptions driven by factual space constraints to the initial optimal recommendations. After review, there may be a need to re-optimize in Category Management based on those space planning, individual store constraints.

Figure 8–12 Optimize View

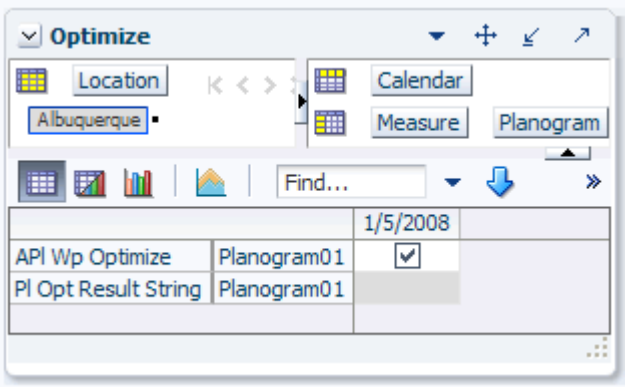


Table 8–6 lists the measures in this view.

Table 8–6 Optimize View Measures

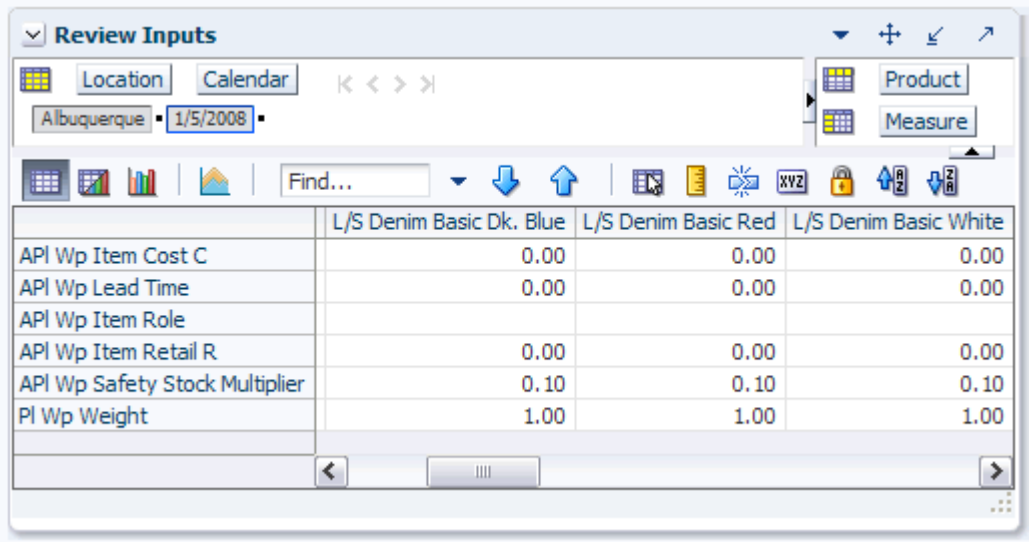
Measure	Description
Optimize	Check box measures that must be initiated prior to the running of the optimization routine.
Opt Result String	String output measure containing optimization validation message.

After you have optimized individual stores, continue to the Review Inputs View.

Review Inputs View

Use this view to review the item roles and other metrics.

Figure 8–13 Review Inputs View



To review item roles and make edits, perform the following steps:

1. Review item roles, cost, retail, lead time, and safety stock multiplier.
2. Roll the view up to all calendar and review weight information.
3. Click **Calculate** to apply inputs.

Table 8–7 lists the measures in this view.

Table 8–7 Review Inputs View Measures

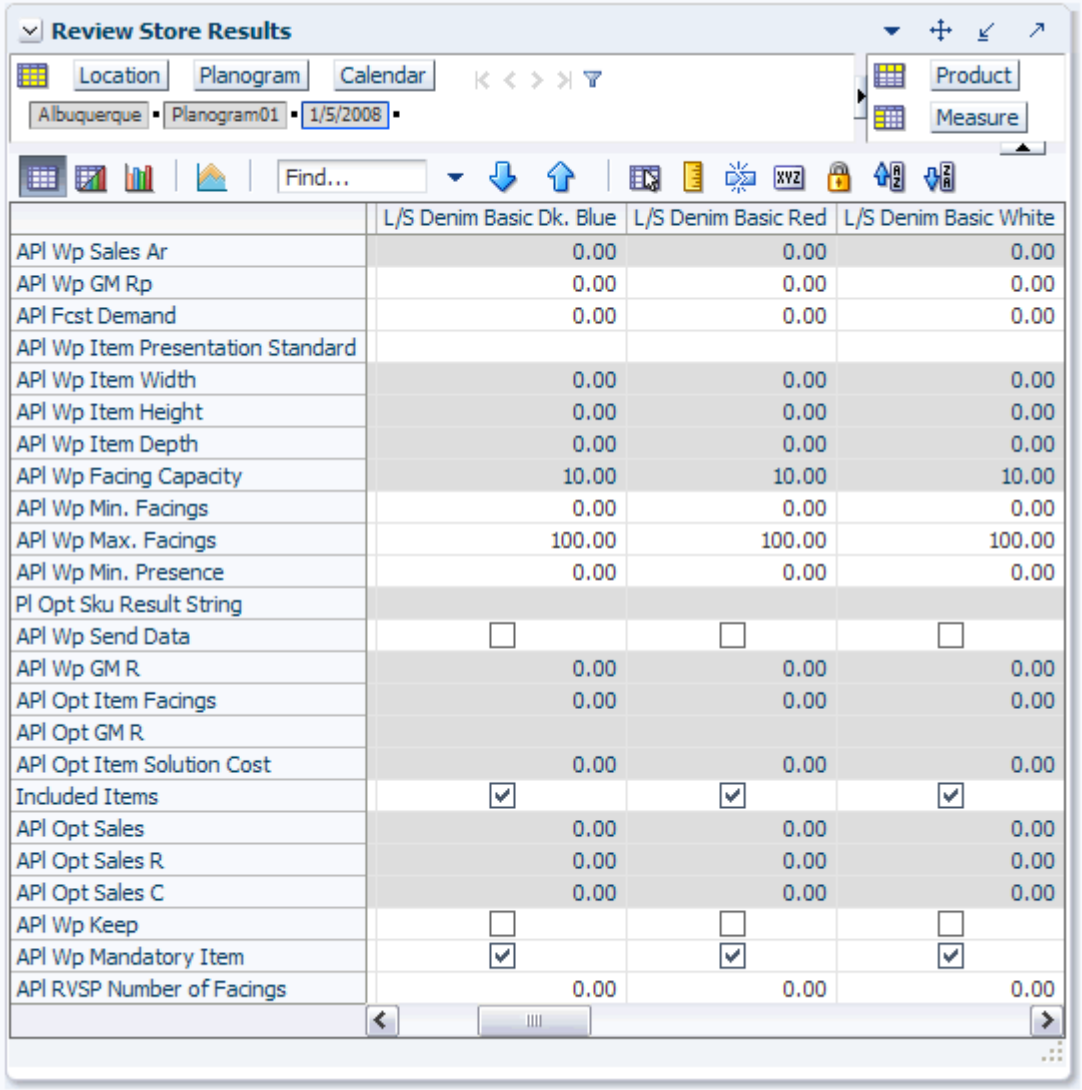
Measure	Description
Item Role	Strategic role assigned to items in the Assortment Rationalization task.
Item Cost	Amount paid to the Vendor for the item.
Item Retail	Full retail value of the item.
Lead Time	Number of weeks between reorders.
Weight	Multiplying factor for optimization metrics.

After you have reviewed the item roles, continue to the Review Store Results View.

Review Store Results View

Use this view to review the store results.

Figure 8–14 Review Store Results View



	L/S Denim Basic Dk. Blue	L/S Denim Basic Red	L/S Denim Basic White
APl Wp Sales Ar	0.00	0.00	0.00
APl Wp GM Rp	0.00	0.00	0.00
APl Fcst Demand	0.00	0.00	0.00
APl Wp Item Presentation Standard			
APl Wp Item Width	0.00	0.00	0.00
APl Wp Item Height	0.00	0.00	0.00
APl Wp Item Depth	0.00	0.00	0.00
APl Wp Facing Capacity	10.00	10.00	10.00
APl Wp Min. Facings	0.00	0.00	0.00
APl Wp Max. Facings	100.00	100.00	100.00
APl Wp Min. Presence	0.00	0.00	0.00
Pl Opt Sku Result String			
APl Wp Send Data	☐	☐	☐
APl Wp GM R	0.00	0.00	0.00
APl Opt Item Facings	0.00	0.00	0.00
APl Opt GM R			
APl Opt Item Solution Cost	0.00	0.00	0.00
Included Items	☑	☑	☑
APl Opt Sales	0.00	0.00	0.00
APl Opt Sales R	0.00	0.00	0.00
APl Opt Sales C	0.00	0.00	0.00
APl Wp Keep	☐	☐	☐
APl Wp Mandatory Item	☑	☑	☑
APl RVSP Number of Facings	0.00	0.00	0.00

To review the store results, perform the following steps:

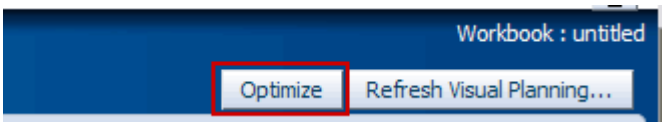
1. Review the API RVSP Number of Facings measure recommendation from the visual space planning application.

   Note: To view individual store item optimization results, page through the location dimension in the page edge.

2. Review optimized Sales, Sales R, and Sales C quantities.
3. Review optimized number of facings.
4. Review optimized gross margin value.

5. To accept visual planning recommendations, enter the umber of facings quantity in the API Wp Min. Facing and API Wp Max. Facings measures.
6. Enable the Included Items check box measure if the item is to be included in the individual store optimization routine.
7. Review API Wp Keep measure as designated in the Assortment Rationalization task.
8. Review the API Wp Mandatory Item check box measure as designated in the Assortment Rationalization task.
9. Click **Calculate** to apply inputs.
10. Return to the Optimize View.
    a. Enable the Optimize check box. Click **Calculate** to apply.
    b. Click the **Optimize** button in the upper right corner to begin the optimization routine.

Figure 8–15 Optimize Button



11. Return to the Review Store Results view and review the API Opt Item Facings measure quantity.
12. Review the optimized Sales, Sales R, Sales C, and GM quantities.
13. Commit and save the workbook.

Table 8–8 lists the measures in this view.

Table 8–8 Review Store Results View Measures

Measure	Description
Include	Check box measure that indicates whether the item should be included in the optimization routine.
Keep	Check box measure from Assortment Rationalization task that indicates the keep or de-list status of an item.
Mandatory Item	Check box measure that indicates if it is mandatory that space be recommended for the item.
Sales Ar	Average selling price for the item.
Demand	Embedded unconstrained forecasted consumer demand for the item.
Item Presentation Standard	Single select drop down list of presentation options for each item Each item is seeded with a default presentation style such as front or side.
Item Depth	Depth of the item given the presentation standard chosen.
Item Height	Height of the item given the presentation standard chosen.
Item Width	Width of the item given the presentation standard chosen.
Facing Capacity	Number of items behind each facing given the presentation standard chosen.

Table 8–8 (Cont.) Review Store Results View Measures

Measure	Description
Min. Presence	Shelf quantity that triggers the restocking of that shelf.
GM	Gross margin.
Min. Facings	Minimum number of facings to be considered in the optimization routine.
Max. Facings	Maximum number of facings to be considered in the optimization routine.
Item Facings	The number of item facings returned by the optimization routine between the minimum and maximum boundaries.
Sales	Sales.
Send Data	Check box measure that indicates which optimized items may be sent to the visual space planning solution.

Next Steps

All of the entries are complete for the Assortment Optimization task. A number of facing recommendations are sent to the space planning organization for execution into item presentations in the stores. This can be done through a batch extraction script.

Sending and Receiving Data from Assortment Optimization to Visual Space Planning Tools

Users can commit results from the Assortment Optimization runs and export necessary measures into flat files in order to send them to external Visual Space planning tools.

It is possible to initialize the export of this information from within the Assortment Optimization workbook by configuring a custom menu to commit changes to, and export data from, the database. However, it is not recommended to export information in this manner as the possibility of multiple users performing Assortment Optimization may result in contention issues.

Note: It is possible to refresh the workbook with results from external systems while within the workbook by using the **Refresh Visual Planning Data** button in the upper right corner.