



The Power of Collective Thinking

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# The Retail Organization of the Future

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By Denise Lee Yohn, president of Denise Lee Yohn, Inc.

To be ready for newly empowered customers and further increases in costs, we need to think about – and operate – our businesses differently.

Here are five characteristics that should define the retail organization of the future:

**Organized by brand, executed by channel.** Managing the brick-and-mortar business separately from the direct/online channel produces redundancies and conflicts of interest internally, and breakdowns and limitations in the customer experience externally. Instead, we should organize the way people shop us – by brand. Each brand should have a single merchant team, marketing department, pricing strategy, etc. That way, we can present a unified brand message and deliver a cohesive brand experience across all channels.

**Led by brand managers.** When we organize into brand-based units, the head of each unit acts as the primary brand manager. That person should be responsible for driving core brand-building activities including:

- Identifying, defining, and understanding the target customer(s)
- Selecting a brand positioning
- Nurturing defining brand values and attributes
- Setting the expected brand experience across product, price, and promotion

In a small company with a single brand, the president might function in this role. In a larger, multi-brand organization, all the brand leaders should report into the COO or someone whose primary responsibility is managing the portfolio of brands and aligning corporate resources with the portfolio strategy.

**Enabled by vital cross-company communication.** While customer communication remains a priority, the myriad of social networks and technology devices existing today should first be deployed internally to facilitate cross-company coordination, collaboration, and knowledge-sharing. Many retailers rely on intuition and fluidity, so internal communication is often overlooked as a necessary cultural discipline. But when everyone has access to each other and to up-to-date information, we can develop a shared understanding of the most important issues and opportunities and move quickly to address them.

**Powered by a single insights function.** Twenty years ago, retail might have been hindered by the lack of information; today, we have too much data – and often it's spread across the company. Among our sources are:

- Customer transaction data
- Learning from consumer research
- Insights from social media listening and trend analysis
- Findings from competitive intelligence
- Business performance metrics

Without a single view, we are not only squandering the value of the data, but also we are probably missing the forest for the trees.

**Driven forward by intrapreneurs.** We need to aggressively and systematically pursue innovation. Intrapreneurs are employees who act like entrepreneurs within a company. They can be organized into a formal team with a clear charter and dedicated budget, or simply a few sanctioned change agents. The point is to ensure there is a group responsible for bringing new ideas and capabilities to our organizations.