



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.