

Out with the Old, In with the New For Trendy Saks

EXPENSIVE, CONVENTIONAL TRAINING GETS THE BOOT AT NEW YORK'S FASHION GIANT

BY LINDA GALLOWAY

Several years ago, Saks, Inc. — facing a pending shortage of up-and-coming buyers and merchandise managers — embarked on an ambitious training initiative for its merchandise division.

Realistically, recruiting could fill only a percentage of the budgeted positions. A significant number of positions needed to be filled from within, which meant building “bench strength” for the fashion giant, owner of 54 Saks Fifth Avenue stores, 49 Saks Off 5th stores and saks.com. The company also operates Club Libby Lu specialty stores.

Good buyers are crucial to a retailer's success, and they are demanding jobs. The profile of a buyer for fashion retailers is a study in contrasts: highly creative and innovative to help spot fashion trends before they happen, but also highly analytical and business-savvy, with good math and negotiation skills. If clothes don't sell quickly, prices must be marked down and the retailer loses revenue. Among other things, good buyers know what items are likely to sell and the quantities they should order to maximize sales. They're also successful at negotiating favorable prices from vendors.

The Saks training program, rolled out over 2005 and 2006, won an award for initiative excellence in the Bersin & Associates 2006 Learning Leaders program.

OUT WITH CONVENTIONAL

Until 2004, most training dollars at Saks were spent on conventional classroom and on-the-job training. While effective, such programs were costly, labor intensive, and limited in terms of numbers of learners. Moreover, most emphasis was on new-hire and management training rather than training for ongoing career development.

Like many companies, the company's training budget was limited and divided among several operating units.

To address the challenges of merchandising training, Saks's training and development organization knew it had to think “outside the box” in terms of budget, focus, approach and delivery.

The company formed a unique partnership with the National Retail Federation,

which awarded it a grant to develop merchant training as part of an overall effort to build jobs in the retail sector. This win-win partnership gave Saks extra funds for program development, and the NRF obtained rights to use the training for its members.

A FOUNDATION IN COMPETENCIES

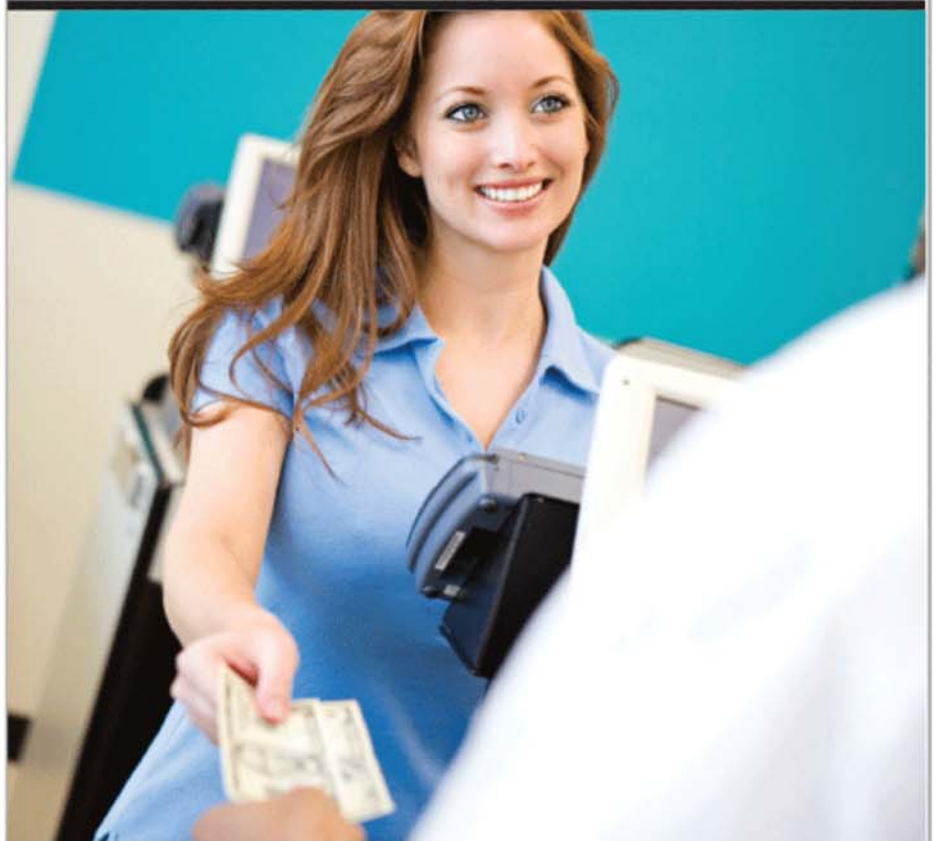
Research conducted by Bersin & Associates has found that using identified competencies as the foundation for training and other talent processes pays off big in terms of business value. The Saks training organization made this process an integral part of the merchant training initiative.

Training team members set out to identify the competencies needed for success in four merchant positions. The resulting competency database would be used to build the new skill requirements for both new and incumbent merchants. The team took the following approach:

- 1 Develop initial competency statements for four merchant positions.
- 2 Conduct more than 80 interviews with top performing merchants and their supervisors in order to revise and validate the statements.
- 3 Finalize competency statements and solicit approval of senior leadership.

The team canvassed merchant supervisors for input on current skills of employees, needed skills and other information.

The team then used the competency statements to conduct a training needs assessment. Through an online survey, the team canvassed merchant supervisors for input on current skills of their employees, needed skills and other practical information. The team actively marketed the sur-



Foundational Skills Courses

RETAIL MATH

Objectives: Learn retail math formulas.

Apply formulas to business situations and solve problems.

- >> Financial performance: Calculate and analyze stock, average inventory and turnover.
- >> Style performance.
- >> Data analysis: Sell-through, penetration, percentage change, mark-downs and aged inventory, markup, ownership and cost complement, average weekly sales and WOS.
- >> Understand and apply concepts: Learn how COGS, GM, and GMROI metrics are calculated and how they impact the business.
- >> Systems training: Know how to access, read and analyze data from merchant systems.

THE BUSINESS OF BUYING:

RETAIL CONCEPTS AND PRINCIPLES

Objectives: Learn the role and responsibilities of the assistant buyer position. Be able to explain the buying process and recognize how merchant decisions impact the business.

- >> Life as a merchant
- >> Roles and responsibilities/partners for success
- >> Strategic direction
- >> Buying process
- >> Career growth and next steps

ONBOARDING

Objectives: Assimilation of new associates into the company

- >> Overview of Saks and corporate culture
- >> Job roles and responsibilities
- >> Job objectives and criteria for success
- >> Team members



Merchant Curriculum

- >> Level 400: Communication and negotiation
- >> Level 300: Financial planning and analysis
- >> Level 200: Business analysis
- >> Level 100: Merchandise management
- >> Foundational Skills

Exceeding Expectations

New e-learning courses were launched in early 2006 by the new Saks University. Through the company's LMS, employees can register for courses and organize their development plans. The training group can automatically position required courses on an employee's development plan and track completions.

Nearly 600 employees took courses in the first month. According to feedback and anecdotes from supervisors and managers, those taking the training are applying new knowledge and skills to their jobs, using course tools used as daily resources; incorporating the language of the curriculum into their daily business lives; demonstrating themselves to be more business savvy; and being invited to higher-level planning meetings. There is overall agreement that assistant buyers view their job accountabilities at a higher level, because the curriculum has helped define what merchants need to demonstrate on the job and how they can influence business results.

Through the use of technology, defined competencies and consistent curriculum, Saks, Inc. has significantly improved its merchant training. Merchants are up to speed in 6 to 12 months, versus the industry average of 24 months. This year, Saks anticipates exceeding its goal for promoting from within.

"This training is an example of Saks' commitment to promoting people from within the organization," says Paul Shore, senior vice president of human resources for Saks. "It's in the interest of our people to help them become fully capable, competent and promotion-ready. And it's also to the advantage of our customers and our business."

vey in order to encourage buy in and participation. The team's goal was a participation rate of 75 percent; the actual participation rate was 97 percent.

The time and effort invested in these competency statements had benefits that extended beyond training. The finalized competency statements were adopted by various HR units and used for merchant recruiting and hiring, onboarding processes and performance appraisals.

The team established goals of designing, developing and implementing a progressive learning process.

BUILDING THE CURRICULUM

The team's assessment revealed that training was most desperately needed in the areas of:

- >> skills for financial analysis,
- >> developing and implementing strategies,
- >> formulating alternative solutions and
- >> negotiation.

Combining those conclusions with business imperatives to accelerate top line sales and improve margin percentages, the team established goals of designing, developing and implementing a progressive learning process to build competence in a shorter period of time.

The Saks' training organization had introduced e-learning in 2003 and 2004 by targeting sales associates and focusing on completion of sales transactions. The e-learning training eliminated travel costs, decreased training time from eight classroom hours to less than three hours of computer-based training, and reduced the transaction times of those completing the training by an average of 23 seconds.

Successfully using these methods on

sales associates paved the way for a technology-based delivery approach for the merchant training initiative, especially for training at lower levels of the curriculum.

The curriculum design team was composed of top-performing merchants and internal learning strategists. Using e-learning tools provided by Convergys, members of the team were able to easily share information such as storyboards, character choices, audio and visuals. This helped streamline decision making and simplify the review process.

The design team set out to determine what specific training was needed to increase specific competencies, the appropriate learning sequences. Its mission was to create content that would help shift the role of buyer from a task-driven job to one that emphasized strategy and decision making.

The entire training initiative — which was planned to have four curriculum levels — was to reach all merchant positions, from executive to assistant buyer.

However, the team started by first focusing on a core curriculum that would address the training needs of assistant

The Challenge:

Saks' conventional classroom and on-the-job training were costly, labor intensive, and limited in terms of numbers of learners. Employees did not receive sufficient training for ongoing career development.

The Solution:


The company formed a unique partnership with the National Retail Federation, which awarded it a grant to develop merchant training as part of an overall effort to build jobs in the retail sector. This gave Saks extra funds for program development, and the NRF obtained rights to use the training for its members.

The Results:

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buyers, who are typically college graduates with business or fashion merchandising majors and part-time retail experience. Most come to the merchant position with a career goal of being a fashion buyer within two years. While brand-conscious and somewhat knowledgeable about the fashion marketplace, most assistant buyers do not come to the job with the ability to balance and execute the analytic and creative skills required in the competitive

retail environment. The goal of the new curriculum was to elevate the position, lay out and address the competency expectations, and accelerate time to competency in order to expedite advancement.

The new courses were highly interactive and included animation, decision tree processes and simulations. To complement courses, the team also developed a variety of accompanying tools, such as links to internal resources, glossaries and coaching guides. 

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