

On Multiple Versions of the Truth in Retail Planning and Reporting

By: Dmitry Goykhman, Founder of ANT USA Inc.

Merchandise Planning, Performance Monitoring and Post-Mortem Analysis are crucial business processes for most retailers.

Virtually all retailers strive to optimize inventory positions, drive sales and profitability increases by anticipating demand, pricing trends, category assortments and inventory investments based on analyzing previous season results and/or test product performance. Everybody tries, yet almost everyone misses the mark.

Retailing is hard. Old as the civilization itself, and still with the same problems - low margins in most multi-brand retailing, high design and supply chain risk in private label retailing, and the need to invest in inventory purchases well in advance of most selling season scenarios.

The obvious difference between ancient and modern retailing is not necessarily in the products, store layouts or even the advent of online and other channels. Verily, few things are new under the sun. Instead – SPEED of execution and the need for actionable INFORMATION stand out as desperately needed resources in modern retailing.

Unfortunately, much of that information is stove piped in localized spreadsheets, old reports that have ossified since their developer authors have moved on, clunky ERP screens that date back to the age of the camel caravans and old-timer brains. Add to that the need to move NOW – and it's a lethal brew where nobody quite knows which numbers are right and which numbers are even more right.

Retail planning solutions are designed from the ground up to consolidate critical data in one merchant-friendly place and enable data-driven strategies to minimize excess inventory and maximize return on investment (ROI). Success hinges on ensuring that all teams operate from a single, accurate perspective—a challenge often complicated by manual data management.



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I. The Core Challenge: Managing Multiple "Versions of the Truth"

A significant hurdle for growing retailers is the over-reliance on "free" spreadsheets, which creates inconsistency and makes planning rigid. This results in multiple, conflicting "versions of the truth" across the organization.

Siloed Data & Spreadsheets	Teams drown in spreadsheets and disconnected legacy systems, requiring countless hours—often two-thirds of a planner’s time—to manually pull, clean, and compile data. This extensive manual work is prone to human error and inconsistency.
Data Complexity	Allocators and planners grapple with vast amounts of intricate data, including historical sales, inventory levels, store performance, and market trends. Spreadsheets are infinitely flexible, and that very strength leads to errors, unique formats, and lack of timely updating.
Lack of Visibility & Trust	Key financial information, such as unentered POs, financial adjustments, promo and price change strategies are often tracked in "rogue spreadsheets" outside the core system. This constant questioning of data accuracy leads teams to lose confidence in system reports, sometimes reverting to gut instinct over system forecasts.
Misalignment	When buyers, planners and allocators operate using different data sets, friction arises, and objectives become misaligned. In a large majority of retail chains those merchandising, finance, and operations teams often lack a unified, real-time platform for decision-making.

II. Critical Data Integrity Pitfalls

Inaccurate data directly impacts core merchandising outcomes, leading to critical problems:

- **Sales and Inventory Mismatches:** A fundamental disconnect often occurs where units sold do not properly subtract from on-hand inventory, creating phantom stock and constant surprises. Consistency errors, such as a mismatch between beginning-of-month and end-of-month inventory, often stem from timing issues or returns/transfers not being promptly recorded. Up to 60% of retailers' inventory records have been found to be inaccurate.
- **Inaccurate Forecasting:** Poor forecasting, often caused by inaccurate, inconsistent, or incomplete data, leads directly to understocking (lost sales) or overstocking (margin-eroding markdowns). The clothing industry, in particular, is highly influenced by seasonality and trends, making accurate forecasting vital.
- **Lack of Granularity:** Planning systems that only view products by top categories or subcategories (traditional merchandising reports) are insufficient for managing profitable product ranges in an omnichannel environment. Retailers require the ability to plan down to the Style or SKU, Vendor, and individual store level.

III. Methods for Achieving Sustainable Data Integrity

To overcome data challenges, retailers should embrace modern planning platforms built for speed, accuracy, and collaboration, allowing the shift from reactive functions to proactive strategy.

1. Implement a Unified Planning Platform

A modern retail planning solution centralizes merchandise financial planning (MFP), sales forecasting, inventory planning, open-to-buy (OTB), and postmortem analytics.

- **Top-Down/Bottom-Up Reconciliation:** The platform must support planning across any combination of product and channel hierarchies, enabling TopDown, Bottom-Up, and Middle-Out planning methodologies. This includes functionality for Roll-Up (calculating higher-level totals) and Allocation Down (distributing values to lower levels), with reconciliation tools to ensure consistency.
- **Version Control and Scenario Planning:** Modern systems allow users to create and manage multiple plan versions (e.g., Original Plan, Working Forecast, Revised Plan), supporting up to six frozen versions for historical comparison and auditing. This scenario planning capability enables teams to test "what-if" situations against a secure original plan.
- **Data Aggregation and Scalability:** The database must be capable of storing multiple years of history—up to five years—to provide a reliable basis for future plans and multi-year averages. Data is managed and planned concurrently in units, retail, and cost metrics.

2. Leverage Intelligent Forecasting and Automation Moving beyond reliance on last year's historical sales data alone is critical.
 - o AI-Driven and Statistical Model Forecasting: Advanced analytics, machine learning, and AI-driven forecasting are key tools for recognizing demand patterns, anticipating surges, and achieving high forecast accuracy. This capability allows for long-range forecasting for pre-season planning, and rapid re-forecasting in-season.
 - o Automation of Calculations: Systems must automate complex calculations (like seasonal curves and Open-to-Buy formulas) to reduce human error and free planners for strategic work.
 - o Data Integration: Integration with core systems (like ERPs and POS) is typically handled via file-based exchanges (e.g., CSV, SFTP) to seamlessly integrate with any source system. The application loads data on a schedule (e.g., weekly or daily option) and validates records for errors.

3. Strategic Data Cleanup and Governance While planning systems help, active data cleanup is almost always beneficial as well. The mindset should be to pursue a modern planning solution in parallel with data cleanup, aiming for "good enough + continuously improving" data accuracy (~95–98%).
 - o Prioritize Fixes: Start by diagnosing and prioritizing data gaps that most severely impact revenue or in-season decisions (e.g., inventory reconciliation).
 - o Product Hierarchy Management: Define a single source of product truth by designing a clear, documented product hierarchy and coding schema (e.g., Department → Class → Subclass → Style) to enable effective topdown and bottom-up planning.
 - o Centralize Data Sources: Eliminate rogue spreadsheets by centralizing manually tracked information (like markdown status or promotional flags) through new system fields or automated imports.
 - o Establish Data Governance: Assign clear ownership for key data domains (e.g., Merchandising owns product master data accuracy) and implement routine checks to catch negative inventory, missing categories, or late postings.

IV. Case Studies in Practice: From Spreadsheets to Strategy

The theoretical benefits of unified planning are proven by many real-world successes of mid-size retailers who have made the transition. Here are a couple of such cases:

- Example 1: A UK-Based Activewear Retailer
 - Challenge: Experiencing rapid global growth, this company's merchandise planning team was constrained by a complex web of over 100 interconnected spreadsheets. This manual system was error-prone, timeintensive, and could not provide the granular, multi-currency, and channelspecific insights needed to manage over 50 boutiques and a growing ecommerce business. There was no single version of the truth, making strategic decisions slow and risky.
 - Solution: The company implemented a centralized, cloud-based planning platform to unify merchandise financial planning, assortment planning, and forecasting. This created a single data source accessible to all teams globally.
 - Outcome: The company achieved a unified view of its global business, enabling planners to analyze performance by region, channel, and product category in real-time. The automation of data consolidation freed up planners from manual tasks, allowing them to focus on strategic analysis and growth opportunities. They gained the ability to accurately forecast and manage inventory across all channels, supporting expansion and improving profitability.

- Example 2: A US-Based Private Label Athleisure Retailer
 - Challenge: As a digitally native brand expanding its physical retail footprint, this 100 Mil/year retailer relied on manual spreadsheets for critical processes like Open-to-Buy (OTB) and inventory planning. This approach created significant data silos between their e-commerce and retail store channels, leading to inventory imbalances.
 - Solution: The company adopted an integrated merchandise planning solution to automate its financial and inventory planning processes. The platform centralized data from all sales channels, providing a single, trustworthy source for OTB calculations, demand forecasting, and inventory optimization.



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- Outcome: By replacing spreadsheets, the planning team dramatically reduced time spent on manual data reconciliation and achieved a single view of their OTB and inventory positions across the entire business. This enables them to make faster, more informed buying decisions, ensuring product availability aligns with demand in both online and offline channels and maximizing inventory ROI.

Conclusion:

Retail agility demands that organizations move beyond manual, spreadsheet-based processes that generate inconsistent versions of the truth. Investing in a modern, integrated merchandise planning solution ensures a single, accurate data source for all teams. As demonstrated by retailers cited above, this foundation allows planners and executives to shift their focus from cleaning data to strategic analysis, driving sustained improvements in inventory turns, margins, and overall profitability.

To evaluate the return on investment (ROI) of adopting a unified planning platform, we would virtually always recommend:

- Data Assessment: Conduct a deep dive into existing data quality and planning processes to identify key pain points and define the optimal product/location hierarchy structure.
- Proof of Concept (POC): Use current retail data to demonstrate how a modern solution would manage core processes (like OTB calculation, forecasting, and top-down planning) and highlight opportunities for inventory optimization and margin improvement.

About ANT USA

Since 1992, ANT USA has focused on solving real-world retail planning challenges. Our flagship Buyer's Toolbox AP software is a testament to this practical, results-driven approach, helping retailers around the world modernize their planning, achieve real-world forecast accuracy, and drive tangible profit growth.

We provide the tools and the expert partnership to help you transform your Merchandise Financial Planning (MFP) and Open-to-Buy (OTB) processes.

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