

# 4R Value Creator

Your Roadmap to  
Profit Maximization



UNDERSTANDING  
4R'S VALUE CREATOR SUITE

Profit Optimizing Retail

[www.4rsystems.com](http://www.4rsystems.com)



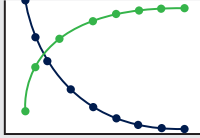
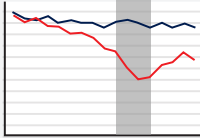



4R provides the most advanced suite of inventory optimization solutions available to retailers today. They are designed from the ground up to maximize the return on the inventory investment, thus increasing overall profitability. That means less work for more profit!

In order to ensure that our clients realize maximum profitability, we have developed a low-risk, four-step deployment process, based on agile development principles, that features increasing levels of engagement and empirical feedback. It starts with a quick, low-effort estimate of profit improvement, followed by more detailed analyses to validate and refine the initial projections. Along the way you will gain valuable insights about your business and how to improve it. You decide at the conclusion of each phase whether or not to commit to the next step in the process.

## 4R Value Creator Methodology Chart

An agile deployment model that builds on previous phases and continuously validates business benefits

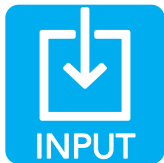
	Activities	Output
<b>1</b> <i>Inventory Benchmark (Optional)</i>	<ul style="list-style-type: none"> <li>Initial Business Discovery</li> <li>High Level Inventory / Sales Data Review &amp; Analysis</li> <li>"Like" Retailer Benchmark Analysis</li> </ul>	 <ul style="list-style-type: none"> <li>High-Level Profit Improvement Estimate</li> </ul>
<b>2</b> <i>Inventory Productivity Analysis</i>	<ul style="list-style-type: none"> <li>Business Discovery</li> <li>Detailed Historical Data Collection &amp; Analysis</li> <li>Historical Regressions and Simulations</li> </ul>	 <ul style="list-style-type: none"> <li>Detailed Profit Improvement Projection &amp; ROI</li> </ul>
<b>3</b> <i>Validate Benefits (Optional)</i>	<ul style="list-style-type: none"> <li>Complete Production Setup</li> <li>Business Process Review &amp; Preparedness</li> <li>Establish Weekly Operational Cycle</li> </ul>	 <ul style="list-style-type: none"> <li>In-Market Profit Improvement Measuring &amp; ROI</li> </ul>
<b>4</b> <i>Solutions Delivery</i>	<ul style="list-style-type: none"> <li>Production Rollout</li> <li>Weekly Solution Execution &amp; Reporting</li> <li>Account Management &amp; Value-Added Services</li> </ul>	 <ul style="list-style-type: none"> <li>Weekly Solution Delivery</li> <li>Continuous Improvement</li> </ul>

4R's Value Creator will show you just how much profit improvement our solutions are generating across your business.

# STEP 1: BENCHMARK ANALYSIS

The 4R Inventory Benchmark (IB) is the first step in the implementation process. We extract key metrics from your summarized historical sales and inventory data and plug them into a model, derived from results with other retailers, that provides a top-down estimate of the profit improvement that would be achieved using our solution.

The recommendations produced by this model are directional in nature, designed to indicate how much potential exists for improved profitability. The next step in the process provides a more precise measurement using analyses based on detailed historical data.



- High-level sales and inventory data



- Extract key metrics and plug into a model that predicts profit improvement

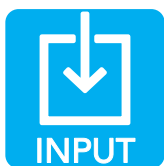


- Top down profit improvement estimate, by category

# STEP 2: INVENTORY PRODUCTIVITY ANALYSIS

The second phase of deployment is the Inventory Productivity Analysis (IPA). It uses more detailed historical data and a rigorous evaluation process to calculate the profit improvement that would be achieved using 4R.

The output of the analysis is a report that summarizes the expected benefit of the 4R solutions, and provides detailed examples showing exactly where the benefits are, and how they will be achieved.



- Historical detailed sales and inventory data



- Business discovery
- Historical data analysis
- Regressions and simulations

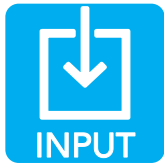


- Detailed profit improvement projection and ROI

## STEP 3: LIVE PILOT

The IPA results tell us how much profit improvement to expect if you start using 4R's replenishment solution. The next step in the process is to perform a live pilot test of the solutions to validate that prediction. We compare the performance of a set of test stores against a set of control stores to measure the benefit of the solution in your business.

The setup for the pilot is identical to the steps needed for full deployment, so that after the pilot, you are operationally ready to turn on 4R across your business.



- Weekly detailed sales and inventory data



- Design pilot test
- Establish weekly operational cycle



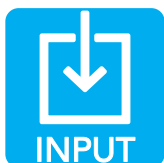
- In-market profit improvement measurement and ROI



## STEP 4: SOLUTION DELIVERY

The last step in the 4R store replenishment deployment process is rollout of the solution across the business, and transition to an ongoing operational cycle.

Prior to rolling out, we develop plans to ensure a smooth change-over from the existing policies to the 4R approach. During the rollout, we establish ongoing production practices, including data feed requirements, weekly review calls, and reporting preferences. Once you are in full production, we use weekly calls to discuss and resolve tactical issues as they arise, and encourage periodic face-to-face meetings to share upcoming business initiatives.



- Weekly detailed sales and inventory data



- Complete solution rollout
- Weekly solution execution, measurement, & reporting
- Account management & value-added services



- Weekly solution delivery
- Continuous improvement