

Case analysis of the ann taylor corporation



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In this case analysis of the Ann Taylor Corporation, we will review the declining sales figures and generate some alternative approaches to help facilitate the increase of sales. It will also lay out a plan to assist in a marketing action plan that this Corporation should use to allow for increased revenue, profit, and sustainability with little or no outlay of cash.

The Ann Taylor Corporation

Introduction

The Ann Taylor Corporation was founded in 1954 by Richard Liebeskind. His designs encompassed the well-dressed woman of the times. By 1983 the corporation had grown from an east coast regional market to national brand with stores across the country. Today the Ann Taylor brand is joined by The

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Loft. Both have traditional stores and outlet stores along with on-line shopping available (Ann Taylor Stores Corporation, 2009).

This case study lays out the difficulties that the Ann Taylor Corporation has had to contend with over the last few years and the guidelines to assist in an action plan that should be used to allow for increased revenue, profit, and sustainability with little or no outlay of cash.

Based on the results of the study, there are three recommendations that have to be addressed in order for the company to continue to grow and regain staying ability in tough economic times and the recent changes in consumer behavior. The three recommendations are that the corporation: 1) invest in next-generation designs to enable streamlined processing and impact efficiencies throughout the company; 2) continue to invest in innovation and redefined consumer favorites to combat erosion of their private label by other competitors; 3) redefine employee management to better meet customer needs and bolster confidence in the products offered by the company.

Problem Identification

In identifying the variables currently facing the Ann Taylor Corporations declining sales, a three-year review was conducted. The team found a 19% drop in sales, resulting in thousands of job cuts, and 117 store closings across the country in recent years (Ann Taylor, n. d.). After these initial findings, within another six months, an additional 56 stores were closed, ending the year with a total loss of \$334 million (Ann Taylor, n. d.). After eliminating more jobs, mostly at the corporate level, and closing 30 more

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locations, sales were still down 43% from the prior year (Ann Taylor, n. d.). The decreased sales numbers were attributed to the hard-hit, professional, working woman, which used to be the fundamental basis of the corporation's luxury customer. Recent statistical data indicates that the current line of clothing offered in stores is off kilter in relation to their current consumer base. In-store observations and analysis, of the sales force at various locations, also raises concern as to its role in the recent decreased sales. There appear to be low morale and too much socializing by the sales employees. It seems the employees are having their needs put before the consumer needs or the corporations needs and this much change.

Root Problem

In identifying the root problems to the decreased sales, the team must address three issues. First, they must bear in mind the recent economic hardships facing the professional businesswoman; secondly, the increased cost of materials and last but not least, the efforts of the sales force itself (Ann Taylor, n. d.).

Problem Components

In light of the recent recession, even the professional market is not spending the amount that they were a few years ago on fine clothing (Ann Taylor, n. d.).

With regards to current changes in the government arena, changes to taxes and tariffs have also played a large role in the increased costs of materials

used to manufacture the high-end, high quality garments that the Ann Taylor Corporation is famous for.

Finally, it appears that the lack of determination, enthusiasm and concern by the sales force in stores is driving slower sales and thus slower recovery (Ann Taylor, n. d.). The sales teams do not realized that they are an investment too.

Generating Alternatives

Doing nothing is not an option. Having been in business for over a quarter century, the corporation can make it through this rough patch. There just needs to be a revamp and refocus of the way things are currently being handled. The issues will need to be addressed at every level of the corporation also.

In order to overcome the above problem components, the team must increase their unit returns on the current fashions that the stores are commonly stocking. Upper management needs to place some aggressive ad campaigns to help increase sales and promote product awareness in the consumers. They need to discontinue the lower priced items and reintroduce the prior line of upscale items that are more expensive than the typical clothing that has been stocked in recent times which had yielded high returns. Although this was tried shortly before the recession, the timing of the same venture should now show a greater return. This can all be easily calculated by Return on Equity formula which is $\text{Return on Equity} = \frac{\text{Net Profit}}{\text{Average Shareholder Equity for Period}}$ (Kennon, 2011)

The team needs to recruit a designer that can trim prices, yet still deliver a great garment at an even greater value. They must look for ways to reduce the costs and lower the overhead of the items manufactured. A review of current fabric merchandisers needs to be visited and possible new vendors utilized.

Lastly, the team needs to determine when the stores are busiest, how long the consumers are shopping, and if current staffing is adequate and accurate. Attitude of the sales force needs to be reviewed as well to see if it is driving shoppers away.

Evaluating Alternatives

Currently the in-store stock is running at an all-time high due to prior reduced sales. The team must drastically reduce prices and thus reduce the current inventory in stores. Once this

goal is achieved, the reintroduction of a higher quality and higher price line could be the foundation for increased sales. Discounts could be offered to customers with a company identification badge or via internet coupons offered to various corporations that would want to be drawn into the stores (Cox, n. d.).

By reviewing the current vendors, the management team should be able to find areas to improve cost savings and negotiate fabric costs. By hiring a new designer, the Corporation can get a fresh new view on revamping the current image while delivering the quality that the Corporation has been known for during the past 57 years.

Based on recent analysis, the management team should consider instilling customer counting and track shoppers throughout the day in 15 minute increments. For a reasonable cost, a customer tracking system can be installed and continuous monitoring can be done (Generation3, 2005). Thus the sales staff can be optimized and scheduled accordingly. Better performing sales employees will be scheduled during busier shopping times while lower performers will be scheduled during off peak periods. Schedules will be computerized and follow consumer shopping patterns, not employee convenience.

Choose an Alternative

The Ann Taylor Corporation should immediately instill customer counting and ask associates to put forth increased efforts. The effects of the recent recession are apparent based on the evidence of recent analysis and action must be taken swiftly and forcefully to ensure continued growth, profitability, and sustainability of the Corporation. The upper-management team must increase sales effectiveness in order to help drive consumer returns. Without addressing these issues, continued sales declines and job losses would result. Also, the potential end result could be disastrous and result in the closing of the entire Corporation.

Implementation Plan

In order to have the sales force makeover work, the entire management team from CEO to front-line manager and team leads must all be on the same page. The sales force must also be willing to step up and assist in the plan of action (Ward, 2011). After an intense three-month data analysis of <https://assignbuster.com/case-analysis-of-the-ann-taylor-corporation/>

the customer counting is compiled, the upper-management team will implement a communication plan for the new sales program.

The new sales program will be affected from top managers down through the sales force, with each level having accountability to the Corporation as a whole. The top management level will be charged with the timelines of changes to be instilled to bring about the necessary changes in their financial outlook. Middle managers will be responsible for the quarterly sales goals of the Corporation. The first line managers will train all lower-level employees, and nonmanagerial salespeople via monthly departmental meetings. And last but not least, team leaders will be responsible for reaching daily customer satisfaction goals and employee target goals. The sales team will be charged with improving their sales results on a weekly basis. The new sales program will be in place within three months of the completion of the data analysis. There will be sales staff reviews every two weeks. The below table will help to outline this data (Williams, 2011).

TEAM

GOAL

TIME LINE

REPORTS TO

TOP MGMT

Change time line

Immediately

Stock holders

Profitability

12 months

MIDDLE MGMT

Increased Quarterly Sales

Quarterly

Top Management

FIRST-LINE MGMT

Training

Monthly

Middle Management

TEAM LEADS

Customer Surveys

Daily

First-Line Mgmt

Employee Targets

Weekly

First-Line Mgmt

SALES STAFF

Improved Sales

Weekly

Team Leads

Alternative Choice

After the two week review of the sales force, the schedules will be built around their sales results. The next schedule will be adjusted accordingly based on the prior week's sales results, with lead sales staff getting preference for peak sales hours (Ward, 2011). There will be a six-month window for improvements. While this is being implemented and established, a revamp of the designers and vendors will be addressed as well, using the same timelines. Thus the corporation will need a top notch sales force when the new lines are released next year.

It will be advantageous to employees, at all levels, to ensure success of the corporation. It will be rough at first, as change always is, but those dedicated will accept the challenges and lead the way for the changes that are needed. Those that do not will be handled on a case by case basis.

A possible sales incentive may be instilled also (Ward, 2011). If an employee can continually strive to meet or exceed the goals placed, that employee will be given five tops, five bottoms, one set of shoes, and \$50 for accessories (all items being from the Ann Taylor line of course) to be worn during their shifts. This will be an annual benefit to the sales teams. Managers at all levels will be given bonus dollars based on their respective goals and \$1, 000 in Ann Taylor products, also on an annual basis.

As an alternative choice, at quarterly reviews, if employees have not met their new goals, the contingency planning will be instilled. The contingency plan will vary at each level, and may include but not be limited to: pay restructuring, job placement restructuring, scheduling changes, or possible termination. Every effort shall be made to retain current staff first as it is costly to hire and train new staff. Some of the other measurements and controls will be month-end reviews of the front-line managers to reflect on the training of all lower-level employees and progression towards those goals. Monthly reviews will be processed for middle managers to monitor the status of the profitability and financial goals as outlined by top managers. Top managers will be reviewed on a monthly basis by the CEO and his team. The CEO and team will be held accountable by the stock holders. New goals will be set monthly as changes progress or as needed if sooner.

Conclusion

With a competent review of the choices stated above, the team can see that within a year's time, the Ann Taylor Corporation should be well on its way to improved employee communication and customer satisfaction. If monthly and quarterly targets are met, then the annual fiscal revenue should be substantially higher. This will also be apparent to the various levels of employees through the new incentives and bonus plans that would go into place.