

Retail business

Business



One of the biggest industries in the United States is retailing. Approximately it accounts for 10 percent of the gross national product. Retail business comprises of several sections including restaurants, convenience stores, auto dealerships, bars, gift shops, merchandise and clothing stores ("Retail" 6). There has been immense development and advancement in American retailing, a good example is Wal-Mart. Wal-Mart is ostensibly the biggest retailer and company globally with a whopping \$312 annual sales.

This giant retailer presents a wide range of products such as apparel, electronics, accessories, health items, jewelry, automotive goods, mobile phones, appliances and various services including mobile and financial. After years of service, Wal-Mart has achieved the recognition of the most admired company for the second consecutive time in Fortune Magazine during the year of 2004. For the past 5 years, other recognitions received were Evangeline Booth Award Excellence in Corporate Philanthropy and The Ron Brown Award for Corporate Leadership.

Forecasting may be considered the most complex part of management. The process of forecasting is a vital area for almost all businesses. Revenues, expenses and sales are the major subjects that need to be estimated accurately. Companies require yearly forecasts to enable them to plan ahead in terms of the implementation of new products and services and addition or withdrawal of investments. Forecasting is one of the most significant phases in corporate planning.

Through this process, retailers would foresee economic factors so they may be able to make necessary preparations beforehand. Given the unpredictability of competitors and market conditions, many senior executives are skeptical

about the accuracy of forecasting. Yet major corporations from General Electric to Wal-Mart have identified proven forecasting techniques and applied them across the enterprise. Some industries are already embracing initiatives to improve their forecasting capabilities.

Many retail sectors recognized that lax forecasting standards were leading to higher inventories and lower profits. To solve this problem, a number of manufacturers and retailers have jointly developed a standard for planning and forecasting across a supply chain (Bligh, 2). Wal-Mart has been operating globally for several years and has been using the same technique of business forecasting. Collaborative Planning, Forecasting and Replenishment (CPFR) is a business practice that this giant retailer has greatly relied on.

This practice allows Wal-Mart to make ways to coordinate to other companies through sharing and exchanging of information including company sales, inventory, promotion levels and operational problems. Operating within the context of CPFR, Wal-Mart along with its trading partners like JCPenney, Kmart, Federated Department Stores and Kimberly-Clark compels them to accede to joint business goals and measures. In addition to that Wal-Mart and other participants of CPFR may mutually create operational and sales policies, and update electronically sales forecast through sharing of data in a web-based system.