A woman with long dark hair, wearing a light blue floral dress, gold jewelry, and a white handbag, stands at a bar. A man with sunglasses and a white shirt sits at the bar, holding a green cocktail. The background features a wall with a tropical leaf pattern and hanging glass lamps.

GUESS SUCCESS STORY

GUESS EMERGES OUT OF THE PANDEMIC STRONGER WITH CENTRIC PLANNING

Iconic fashion brand makes a capital investment
in technology to successful results

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“This solution has completely changed our lives.”

Daniel Botey, Vice President of Global Inventory Management at Guess Europe Sagl, describes his feelings about Centric Planning, the innovative cloud-native solution embedded with omnichannel retail & wholesale planning best-practices.

Prior to COVID-19, iconic clothing and accessories brand Guess had already started thinking about jumping to a next-generation planning solution. As a large, worldwide company with significant retail and wholesale businesses and a complex product range, Guess had thousands of products and SKUs housed in a myriad of spreadsheets, long manufacturing lead times and difficulty meeting merchandisers’ demands. With the sudden changes imposed by the pandemic and rolling lockdowns, teams became more frustrated and stressed. Worst of all, consumers weren’t always able to find the products they sought in stores or online. Life behind the scenes—as at many retailers big and small—became even more frenetic in the instability of the time, with the impact still being felt today.

How did Guess come out of the pandemic stronger than ever before?



A COURAGEOUS MOVE IN TURBULENT TIMES

Just prior to COVID, Guess had rolled out a new strategy aimed at increasing operating margins—sparked by the desire to elevate brand quality, reduce promotional activity, react more quickly to market disruptions and, most importantly, put the consumer front and center. It was time to find the technology platform to bring it to fruition.

Then, the pandemic hit. Offices shut down, collaboration was difficult and all the previous planning challenges were magnified. With lockdowns and re-openings occurring at different times across countries and regions, sales forecasts fluctuated wildly. Mr Botey says, “I don’t remember a more challenging time in my life, honestly. It was really difficult for us. I had a conversation with our CEO, Carlos Alberini to ask for his support to move ahead with the planning project that of course, had been put on hold because of the pandemic.”

The world didn’t know what to expect and justifiably, companies were cautious. Guess had the foresight to stay the course at a time when uncertainty reigned. Mr Botey continues, “Carlos was really supportive and understood that our need for a tool was even more urgent under the circumstances. So we revived the project during the first lockdown.”

Guess took the leap and the results were nothing short of amazing. “Before COVID, we had a 5.6% operating margin at the end of fiscal year 2020. We closed this past year at 12%. It is a huge improvement in profits!” Mr Botey brings up a chart. “You can see an increase of 250 basis points due to lower promotional activities alone.” Granted, this was due to being able to carry out their pre-pandemic game plan, but Botey points out, “If we had had a lot of inventory, we could not have done it. Centric Planning has been an enabler to truly follow our strategy and increase our profitability in a very, very big way.”

STAY CONSUMER-CENTRIC: GET THE RIGHT PRODUCTS IN THE RIGHT PLACES AT THE RIGHT TIME

Guess has 25 product categories in over 100 countries with roughly 1000 directly operated stores worldwide and 1600 stores in total. Guess operates an omnichannel business model, selling via multiple touchpoints such as e-commerce, retail and, particularly important in Europe, wholesale where Guess maintains a network of around 4,000 wholesale customers.

The company was using Excel sheets to conduct buying and merchandising. Mr Botey says, “We are working in about 30 countries in Europe. The merchandisers would each provide an Excel sheet in different formats, listing the products that they want and those that are not that relevant in their country or market. This was a painful process because it was very time consuming for the merchandisers, but also for the buyers here, to compile all this information to try and cover the needs of the markets.”

The team was working on very large and intricate spreadsheets. Mr Botey explains, “We have 8,000 SKUs per collection with 4 collections a year. We had to divide up our teams and files by category of product because we couldn’t manage all the SKUs in one place. So we had several Excel sheets—of course, not connected or synchronized—and everybody was working on only a part of the whole. That was on the planning side. Our management team and key business executives needed a high-level overview of the situation but couldn’t get it with the existing process. A spreadsheet-based program was no longer powerful enough to handle the sheer amount of complexity and information.”

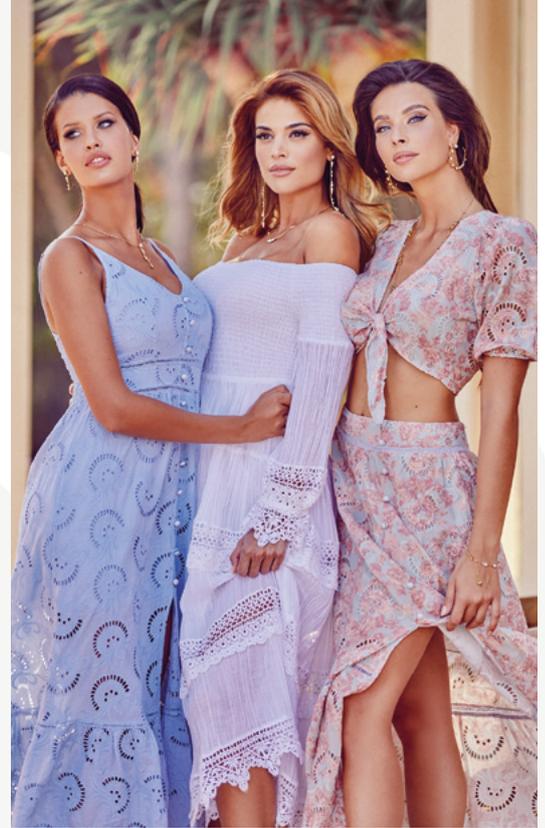
Mr Botey notes, “We needed a planning tool to have everything in one place and to get alternate views of the same picture. We deal with different currencies, different customer tastes, different trends by country. Having all the geographical variables plus the wide assortment and number of SKUs made the life of the planners here very, very tough.”



Guess took decisive measures, devising an ambitious new business model that tackled expanding operating margin in a four-pronged approach: product cost, brand elevation, occupancy and operational efficiency. To achieve those goals, Guess aimed to respond more quickly to marketplace disruptions, move premium product lines onshore, reduce overstock and discounting based on fluidly managing inventory, and increase margins.

TECHNOLOGY LENDS A HELPING HAND

The temporary store closures and re-openings made it impossible for teams to follow original forecast plans. Outdated systems blocked them from seamlessly moving inventory from one channel to another, at a time when e-commerce was booming.



Before Centric Planning, talented planners and entire teams were overworked, tired, at the boiling point. Mr Botey reflects, "Some people on my team were very frustrated with spending hours in front of an Excel sheet instead of analyzing and making decisions. We brought them in on the planning project, and once they saw the vision they were really engaged. Now, they are part of the project and really excited about it!"

SUPPLY CHAIN CHALLENGES ENDURE

Pandemic supply chain issues have since exacerbated existing concerns. Mr Botey comments, "Our buying time has been shortened. Now, our supply chain team is asking us to issue the POs in advance to allot more time to production and transportation. Without Centric Planning our jobs would be impossible today. It is an enabler for us to get the product to the right channels on time. This is huge for us. The feedback from all the users is really positive; they like the tool. It's very intuitive."

Mr Botey continues, "We're still in a pandemic; that has really affected our foot traffic and our store sales. E-commerce is still performing extremely well. With Centric Planning, we've been able to move inventory from our brick and mortar stores to e-commerce where it is needed."

He describes the typical practice of end-of-season-sales used to clear inventories for the next season. "This is one of the biggest [negative] impacts on our margins. With Centric Planning, we can limit the promotional activity which translates directly into higher margins."

CHALLENGES

- + Multiple geographies, product assortments and distribution channels
- + Excessive markdowns
- + Degenerating product margins due to supply chain disruption and higher costs
- + Stressed and demotivated teams
- + Moving product between channels was slow and inefficient

THE NEW GUESS STRATEGY PAYS OFF FOR ALL

Interestingly, when asked if the goals of the planning project were to reduce planning time and workload, Mr Botey responds, "Our goals are more strategic: to adapt to our customer needs, to react swiftly to market disruptions." He quickly follows that up with acknowledging, "But of course, we appreciate the upsides to implementing the planning tool, like manual workload reduction and a drastic decrease in planning time, down from a month to one week." Other benefits are easily updating range or assortment planning all the way up the merchandise plan, and having local country managers work directly within the solution to select their preferred collections.

Another not-to-be-overlooked benefit is satisfied employees. Mr Botey shares, "The mood of our people is so much better now because we have removed much of the stress from their shoulders. As you know, employees these days are jumping from one company to another and a happy team is more committed, more motivated. It is at least as important as achieving better financial results. Our consumers are happier because they are able to find the product they need in their stores or online due to better visibility and increased agility on our part."

Production costs have improved because Guess consolidated product development for all regions into one single line. Mr Botey says, "This brings efficiency. Without a planning system it would have been extremely difficult to achieve."

Mr Botey has words of praise for the Centric team. "They are not just software vendors but expert planners who speak our language. The project management is seamless and set the tone of positive partnership from day one."

CUSTOMER-DRIVEN INNOVATION

Characteristic of Centric's customer-driven way of working, Guess has already placed their stamp on the solution. Mr Botey explains, "During the project we realized that there was the opportunity to do the initial allocation in the tool as well. So together with my planning team, Centric configured a new Allocation module. It incorporates our needs in this area allowing us to skip a step that was previously done in a separate program, further driving efficiency into the workflow."

By having the right strategy, the right talent, the fortitude to make the right decisions, combined with the right technology, Guess was able to pull off something extraordinary during a time where many in the same industry were floundering. Strengthening their digital foundation enables Guess to thrive and become more formidable and resilient, even during challenging market conditions.

RESULTS

- + Plans adapted by country, resulting in assortments that meet local needs and market trends
- + Contributed to doubling operating margins from 5.6% to 12%
- + Shortened retail planning from 1 month to 1 week
- + Greater agility and flexibility to better serve customers
- + One single source of truth for all product data, available anywhere, anytime
- + Talent retained by removing previously frustrating work processes and tools

“ BEFORE COVID, WE HAD A 5.6% OPERATING MARGIN AT THE END OF FISCAL YEAR 2020. WE CLOSED THIS PAST YEAR AT 12%. IT IS A HUGE IMPROVEMENT IN PROFITS! IF WE HAD HAD A LOT OF INVENTORY, WE COULD NOT HAVE DONE IT. CENTRIC PLANNING HAS BEEN AN ENABLER TO TRULY FOLLOW OUR STRATEGY AND INCREASE OUR PROFITABILITY IN A VERY, VERY BIG WAY. ”

ABOUT GUESS (www.guess.eu)

If you wanted to create the ideal fashion brand, you might decide to take the legendary glamour of Hollywood and combine it with a dash of natural French chic. Which is exactly what the Marciano brothers did just over 40 years ago when they founded Guess. Since then, Guess has grown from a denim pioneer into a global lifestyle brand, supported by sexy, spirited advertising that has become iconic.

Today, Guess has over 1.600 retail stores worldwide and offers collections for men, women and children, as well as a wide range of accessories, from jewelry, fragrances, eyewear and timepieces to highly desirable shoes and bags.

ABOUT CENTRIC SOFTWARE (www.centricsoftware.com)

From its headquarters in Silicon Valley, Centric Software® provides a Product Concept to Consumer Digital Transformation Platform for fashion, retail, footwear, luxury, outdoor, consumer electronics and consumer goods including cosmetics and personal care and food and beverage. Centric's flagship Product Lifecycle Management (PLM) platform, Centric PLM™, delivers enterprise-class merchandise planning, product development, sourcing, quality and product portfolio optimization innovations specifically for fast-moving consumer industries. Centric Visual Innovation Platform (CVIP) offers highly visual digital board experiences for collaboration and decision-making. Centric Retail Planning is an innovative, cloud-native solution powered by Armonica Retail S.R.L., that delivers an end-to-end retail planning process designed to maximize retail business performance. Centric Software pioneered mobility, introducing the first mobile apps for PLM, and is widely known for connectivity to dozens of other enterprise systems including ERP, DAM, PIM, e-com, planning and more as well as creative tools such as Adobe® Illustrator and a host of 3D CAD connectors. Centric's innovations are 100% market-driven with the highest user adoption rate and fastest time to value in the industry. All Centric innovations shorten time to market, boost product innovation and reduce costs.

Centric Software is majority-owned by Dassault Systèmes (Euronext Paris: #13065, DSY.PA), the world leader in 3D design software, 3D digital mock-up and PLM solutions.

Centric Software has received multiple industry awards and recognition, including being named by Red Herring to its Top 100 Global list in 2013, 2015 and 2016. Centric also received various excellence awards from Frost & Sullivan in 2012, 2016, 2018 and 2021.



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