



## Preparing for the Future of Inventory Management at Gap Inc.

Preparing a company to implement any technology solution is as critical and important as the implementation process itself, according to Matt Salmonson, Senior Vice President, Inventory Management at Old Navy, a division of Gap Inc.

“While executive sponsorship is extremely important to get a project off the ground, if you’re looking for sustainable and repeatable results, speed to benefit and all the things that we talk about, it’s all about how you prepare the organization to implement the first day,” said Salmonson. “That’s what we spend a lot of time doing at Gap Inc. The process, discipline, and organizational experience that you gather before the implementation is critically important.”

Currently, Gap is successfully utilizing i2 solutions throughout its organization to manage its business. But prior to working with i2, Salmonson and his team found themselves in the midst of planning for and engaging in implementations and partnerships that brought less than satisfactory results. “In the years that I’ve been with Gap Inc. we’ve gone through a lot of very painful implementations,” Salmonson said. “But we’ve had some successful ones in the last couple of years, and i2 has definitely been among them. We’ve had a very successful implementation, and the teams are doing wonderfully, both in the partnership with i2, and before that with our preparation.”

Salmonson and Gap’s story differs from the strategy typical of major implementations. It’s about evaluation and practice, partnership and trust, and the importance establishing the critical elements before the implementation—and how this preparation matters as much as the implementation and technology itself.



***“We’ve had a very successful implementation, and the teams are doing wonderfully, both in the partnership with i2, and before that with our preparation.”***

***— Matt Salmonson  
Senior Vice President,  
Inventory Management  
Old Navy***

*“We looked at and talked to a lot of different companies, but when we first met i2, we saw that their vision for how to manage a retail business was key to our success in implementing the new technology.”*

*— Matt Salmonson  
Senior Vice President, Inventory Management*

**OLD NAVY**



Prior to the selection and successful partnership with i2, Gap executives undertook a diagnostic examination at the company and the way it wanted to change—and ultimately run—its business.

“When changes around processes, tools, and organization are all wrapped up in a single massive change relative to a technology implementation, most of the time you’re going to fail,” Salmonson said. “As an organization, we had to make the important acknowledgement to define failure as not adopting day one or never fully adopting over time. It has become very important for us to practice at all levels of the organization—executive, mid-executive, and certainly at the individual contributor level,” Salmonson said. “It’s critical to define the things that we decide to practice, how we decide to practice them, and why they’re important to us as we go through the journey.”

### **Evaluation and Practice**

To begin the process, you have to prepare the organization on what to expect from day one, to “see the change, be the change,” according to Salmonson. To be effective in identifying technology needs, companies must have a pragmatic understanding of where they want to take the business and how they want to manage the key processes that drive value.

***“We’re incredibly proud of the relationship that we’ve built with i2 in the past, and we very much look forward to working with them in the future,” said Salmonson. “This is something that we can build and grow with over time. We already have a plan to do that, and it’s something that’s going to impact all of the Gap Inc. brands and drive tremendous value. I’d like to thank the i2 team for being such great business partners.”***

“You have to do a deep and thoughtful exercise around how you actually want to change the business. Not so much the vision or the strategy, but on a day-in-and-day-out basis, you must determine what you want to do differently, and why does that matter,” Salmonson said. “You have to identify what you are trying to solve and the work that you expect people to do. That should be absent the conversation about technology.”

Adapted behavior must be reflected in employees from the moment you define how you want to manage the business differently, according to Salmonson. “If you don’t start behaving or managing the business differently or trying to tweak the processes, you’ll never fully gain the experience that you need to identify the tools and processes you want to implement,” Salmonson said.

While technology is a critical part of a business solution as a tool and an enabler, it is not the sole answer. “It’s not just about the tools, it’s about behavior, process, and practice; it’s about experience in the process. Because of that, there’s a tremendous opportunity to deploy business change well ahead of the technology,” Salmonson said.

What was also critical for Gap’s transformation was simply to begin the journey. Executives realized that progress, if not perfection, was acceptable, and that it was important to not overextend. “The vision is really important, but if you try to do too much, you’re going to subject the process and the organization to a lot of error and speculation,” Salmonson said. “Understand what the organization does well and find ways to leverage that. Don’t try to change everything. There are ways to effect meaningful change without changing everything.”

Another key factor for Gap was how to treat and utilize the new metrics. The retailer determined that, after identifying metrics, it was important to have realistic expectations, to get started early in using them, and to begin measuring results immediately to receive maximum benefit.

“Measuring now allows us to do a variety of things,” Salmonson said. “One is practice, and another is to get the functional executives up to speed on what metrics are important, why they’re important, and learning from those metrics. In the end, they’re the ones who have to teach the rest of the organization how to manage

the business using these metrics. We did this well ahead of the i2 implementation, and it probably had the most profound impact on educating the executives in the company and enabling the individual contributors to wrap their heads around what we were trying to achieve.”

After the evaluation and practice efforts concluded, i2 was ultimately chosen as the partner who could deliver the most value to Gap. “We looked for a vendor that both mapped against the business that we were trying to manage to and that could help drive success against the metrics that we were trying to improve,” Salmonson said. “We looked at and talked to a lot of different companies, but when we first met i2, we saw that their vision for how to manage a retail business was key to our success in implementing the new technology.”

## Partnership and Trust

Gap identified four key factors that were essential to its success in implementing i2 solutions.

The first was pragmatism and vision. “I appreciated the fact that i2 was very honest about what they had and what they didn’t have, and what we already had that could supplement our work with i2,” said Salmonson. “i2 had a very clean roadmap for an integrated, intelligent solution.”

The second factor was communication. “i2 spoke our language, and we could communicate with them in a way that we both understood,” Salmonson said. “Watching i2 be open to what was important to us was very important to the partnership.”

Third was understanding the importance of the end user. “We agreed that it was critical to steep the team in things we’re comfortable with, we can rely on, we can manage in a way that we feel very good about,” said Salmonson. “i2’s care for the end user was very important to us.”

The final piece was i2’s expertise and access. “i2 had expertise in inventory management, provided access to people on its team and to other customers, and demonstrated a commitment to share ideas,” Salmonson said. “We’re incredibly proud of the relationship that we’ve built with i2 in the past, and we very much look forward to working with them in the future. This is something that we can build and grow with over time. We already have a plan to do that, and it’s something that’s going to impact all of the Gap Inc. brands and drive tremendous value. I’d like to thank the i2 team for being such great business partners.”

*This case study is based on a presentation given by Matt Salmonson of Old Navy during the i2 Planet 2008 General Session.*



The Supply Chain Company®

11701 Luna Road  
Dallas, Texas 75234, USA  
Phone 1.877.926.9286  
Email [info@i2.com](mailto:info@i2.com)  
Web [www.i2.com](http://www.i2.com)