



# Inventory Management War Room:

**Enabling retailers to optimize their clearance through a powerful combination of Periscope Markdown Advisor capabilities and the McKinsey Data Lake and advanced analytics.**

**The Inventory Management War Room is a new model designed to help you rapidly deploy pricing and markdown solutions in a scalable manner to address the inventory challenges recently surfaced by the COVID-19 crisis.**

**With global economies still reeling, the retail industry as a whole has been significantly impacted by the current pandemic, especially apparel retailers amid store closures and lockdowns. In today's new economic reality, companies now face the difficult challenge of figuring out what to do with unsold excess inventory.**

For one, they need make fast moves to sell the inventory as it is typically purchased six to nine months in advance. For seasonal goods, the expiration date could be even more dire. For example, shoppers will not want winter coats and boots in the middle of summer and products that are trending now will rapidly be past their prime.

### **How does the Inventory Management War Room work?**

To help retailers take urgent action, we have set up a diverse team in an agile inventory war room who are using data and advanced analytics to model scenarios that can help retailers optimize clearance when the economy begins to recover and we move into the "next normal". While retailers can quickly answer questions such as:

- How much inventory do I have?
- How much of it am I currently selling?
- How much of it is out of season?

They struggle to find answers to questions such as:

- Which pockets of inventory are most at risk and how and where can I shift them?
- What inventory can I hold until next year?
- How can I drive a smarter markdown strategy?
- How can I rapidly accelerate online sales?

By synthesizing these known and unknown factors, Markdown Advisor helps retailers make informed decisions on what they should do now in key areas:

- Stop sourcing and push items back to vendors
- Shore up e-commerce business
- Mark down items in-store when locations re-open depending on the highest demand areas
- Merchandise creatively
- Send unsold inventory to discount outlets
- Write off remaining seasonal goods

### **Why is the Inventory Management War Room beneficial?**

Using our unparalleled McKinsey IP and the [Markdown Advisor](#) solution, we help retailers gain a clear view on what to do with large quantities of unsold goods. Rapid data ingestion and modeling provide an accelerated understanding of the pockets of inventory that are most at risk so retailers can focus on applying the insights generated and make critical decisions on how to move forward in the most scalable and cost-effective way. Our inventory war room:

- Provides baseline of exposure by combining data with forecasting from leading institutions such as the World Health Organization through data ingestion and interpretation of up to 20TB of data
- Assesses the scenarios on how COVID-19 might play out across three dimensions, tailored to the retailer's specific categories, segment targeting, and locations

#### **Get started**

To learn more about the Inventory Management War Room, contact us at [contact@periscope-solutions.com](mailto:contact@periscope-solutions.com) or visit [www.mckinsey.com/periscope](http://www.mckinsey.com/periscope)