



Profectus
DEALS



David Jones finds the perfect fit with Profectus



profectusgroup.com

David Jones is Australia's leading premium retailer, and the oldest continuously operating department store in the world still trading under its original name.

The iconic department store first opened its doors in 1838 with the mission to sell 'the best and most exclusive goods'. It offers customers superior products and services across national and international brands in fashion, beauty, food, technology, and homewares. David Jones currently operates out of over 40 stores in Australia and New Zealand including a significant online presence.



INDUSTRY:
Retail



LOCATION:
Australia



SERVICES:
RDM & Audit



CLIENT SINCE:
2014

Discover Jones, Discover Deals

Like many organisations, managing vendor trading terms and identifying multiple financial considerations, such as rebates, is a challenge. But when you're the nation's leading department store with thousands of vendors and hundreds of sales and deals being offered on a weekly basis, managing everything at once can be overwhelming without the right tools.

DAVID JONES WERE DEALING WITH

thousands
OF VENDORS AND
100s  OF SALES
& DEALS
PER WEEK

"You also have to factor in staff turnover, or people growing within the business and moving departments," said Juanique Vorster, Merchandise Planning / Buying Training & Development Specialist for David Jones. "People move and they take their knowledge with them, so unless agreements and terms are properly recorded in one place it can be really tough to get your hands on the latest information."

It's a common challenge in retailing generally, with many deals made and tracked through a mix of email threads, excel spreadsheets, as notes on a desktop or even simply kept in the mind of the person who made the deal.

A lack of visibility over deals can lead to a serious issue that many retailers face, particularly those with hundreds or thousands of suppliers and vendors: financial erosion. If rebates are not claimed or suppliers overcharge, even small errors or unclaimed monies can snowball over thousands of transactions into an amount that impacts the bottom line.

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“We could raise hundreds of agreements in a week, especially around times where we've got promotional activity and clearance activity,” said Vorster. “We also have volume rebate agreements with all of our food vendors”.

“Without a central system in place, you can imagine how easy it is to lose track of an agreement because there are so many.”

If the terms of an agreement weren't met or rebate claimed, the nature of fast-paced retail environments meant that tracking down a correction would be often impossible.



“There's never a good time in fashion, and there's never a moment to spare,” said Vorster. “There's just no way we could find the internal capacity to undertake extensive searches across all possible sources within which agreements were made or stored. There would have to be cross references to see if everything matched perfectly – it would be like building a puzzle at the same time you're trying to do everything else.”

The biggest risk in leaving rebates unclaimed, of course, is to the bottom line. While one rebate won't materially impact a business, multiple small rebates unclaimed can accumulate and have a measurable impact on profitability for any business.

“We all love what we do; we love fashion, and we love bringing our customers together, but ultimately the bottom-line matters,” said Vorster. “There's nothing sexy about chasing profit, let's call a spade a spade.”

“But when you see those additional hundreds of thousands of dollars hitting your bottom-line, that is fun.”

“And any business, whether its David Jones or Joes Soaps down the road, needs a good cash flow and a good balance sheet to enable it to continue to grow.”

A one stop shop

The business has worked with Profectus Group, the leading technology-driven services provider of compliance and recovery solutions, since 2014.

Prior to then, buying teams were responsible for manually calculating Scan Deals and Markdown claims and passing relevant paper forms across multiple touch points, with the ultimate hope of having the deal entered correctly in the Enterprise Resource Planning (ERP) system. Apart from the inefficiencies of the process associated with people responsible for passing paper across desks, there was also lack of full visibility as not all standardised and relevant information was accessible throughout the organisation.

David Jones turned to Profectus and implemented its market-leading Rebate Deal Management (RDM) solution to ensure that all deals, agreements and terms could be easily imported, categorised and, most importantly, easy to find and trace.



The initial implementation of RDM involved a slow but persistent digitalisation of processes, identifying where and how to reduce wasted effort and ultimately minimise lost income. The solution was first implemented in 2014, mainly focusing on the collection of promotional support monies, evolving over time to include collection of volume rebates, new store opening contributions, marketing subsidies, vendor data charges and more.



“In RDM you can search up your trading terms, you can do it by vendor, you can do it by department, and it's got a really strong search package,” said Vorster. “It's really easy to find what you're looking for, whether you've been with the business for one day or five years.”

“It's a one-stop-shop for everything we need to track down. If we have a query, we can find it.”

Profectus Rewards

In 2017 the business shifted its headquarters from Sydney to Melbourne. As expected with any shift, not all staff at headquarters relocated with the business, which would normally present a knowledge loss risk particularly in the old manual days of recording terms and agreements by any means necessary.

“Not all of the paperwork and, importantly, knowledge travelled down to Melbourne with us,” said Vorster. “But when it came to food agreements and promotional rebates, it didn't need to.”


“All Food Trading Terms, historical promotional monies and Food volume rebate collections remained visible and accessible for new team members and audit purposes.”

Hunting hidden deals

Stemming the financial leakage is one thing; tracking down what leaked out already is another thing entirely. Financial erosion doesn't stop with a one-stop-shop to track rebates and agreements, and even access to the best systems will not prevent all errors or omissions as most of these stem from changes, staff turnover and some human driven behaviours.

One of Profectus' key solutions is its Audit offering, which leverages artificial intelligence and Profectus' own expertise to analyse transactions and invoices in a select period to detect anomalies, which allows its customers to claim back monies owed.

OUR AUDIT OFFERING LEVERAGES

artificial intelligence  **& YEARS**
OF EXPERTISE
TO DETECT anomalies
IN TRANSACTIONS AND INVOICES

Vorster said David Jones leverages Profectus' Audit capability to further enhance its bottom line.

"We've actually just opened up our emails to protect us as part of that extensive identification of financial leakage," she said. "Already we are seeing very low hanging fruit in that space where we may have had terms agreed and commercial agreements with vendors that we may have just not collected as a result of somebody leaving the business".

"By using artificial intelligence and identifying emails featuring agreements and terms and referring back to our accounts payable data to see whether we've actually collected the money, we can identify leaks," said Vorster. "From there we can claim the money from vendors who had previously agreed to pay it."

And that's why there's no other store like David Jones...

Let us make compliance work for you

Think your organisation could benefit from our leading audit services or automated Rebate Deal Management technology? Want to talk directly to our clients, like David Jones, and ask them your questions about their compliance journey?

Get in touch today and we'll connect you!

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