

HOW SEARS IT MISALIGNMENT FAILED THEM

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Introduction

- Sears was founded in 1893.
- Sears was a retailing giant but fell behind digital transformation.
- IT was considered an ancillary function instead of a strategic enabler.
- Competitors like Amazon and Walmart wagered on IT and gained a competitive edge.





Executive Summary

- **Market Position & Vision:** Sears' vision was to be a destination store for the customers.
- **IT's Role:** IT would have added customer experience, supply chain performance, and top-line growth.
- **IT Failures:** Outdated legacy systems, lack of investment in digitalization, and relying heavily on outsourcing.
- **Competitive Disadvantage:** Other players leveraged automation, artificial intelligence, and analytics, whereas Sears was backward.



Executive Summary

IT Governance & Infrastructure Failures: Poor decisions, outdated technology, and complacency.

Business Impact:

- Operations: Inventory issues, excessive cost, and inefficiency.
- Customer Experience: Ineffective loyalty programs and web shopping.

Revenue: Lost market share to technology-oriented competitors.

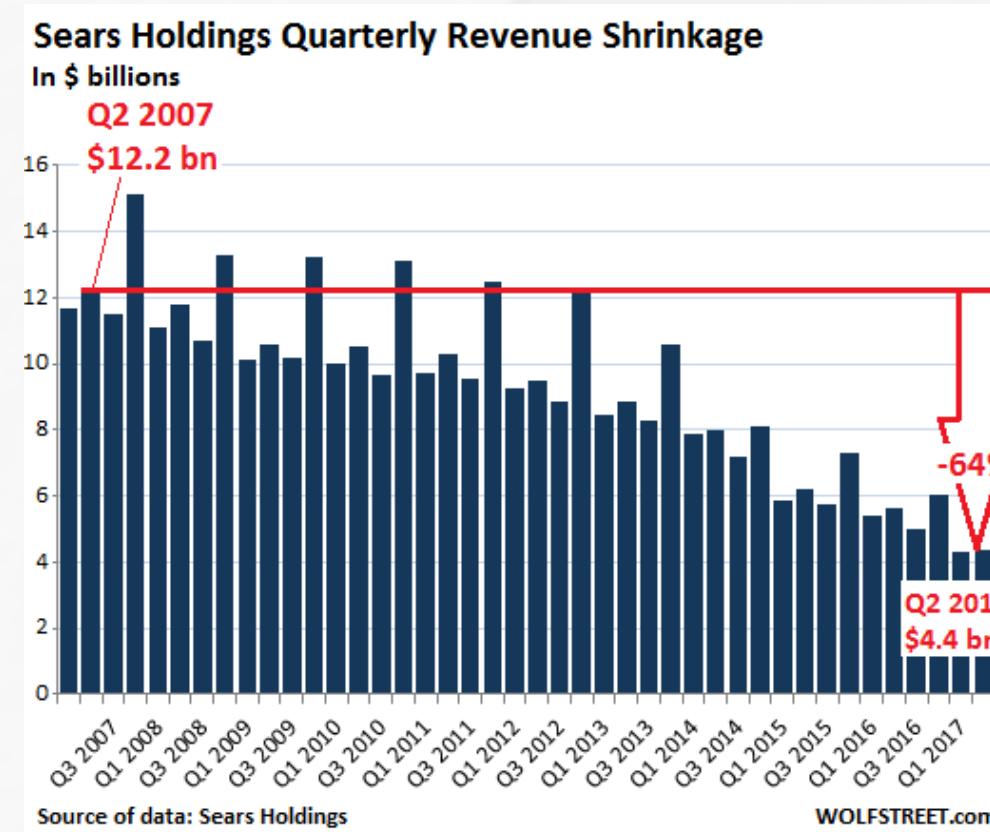


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Market Position and Strategy

Dominated the retail industry in the 20th century

- Vision: To be a one-stop shop for consumers
- Strengths:





Role of IT in Supporting Business Strategy

It should have been a strategic enabler for the goals of Sears':

- Enhance Customer Experience
- Utilize their large Supply Chain
- Drive revenue growth using Data Analytics

Examples of how IT could've supported Sears:

- E-commerce platforms
- Predictive analytics
- AI driven recommendations



Sears Approach to IT

Sears Treated IT as a cost center rather than a strategic asset...

- Outsourced much of the IT operations
- Relied on outdated legacy systems
- Underinvested in digital transformation

Competitors like Walmart however, saw the value in IT and invested heavily in automation, real time analytics

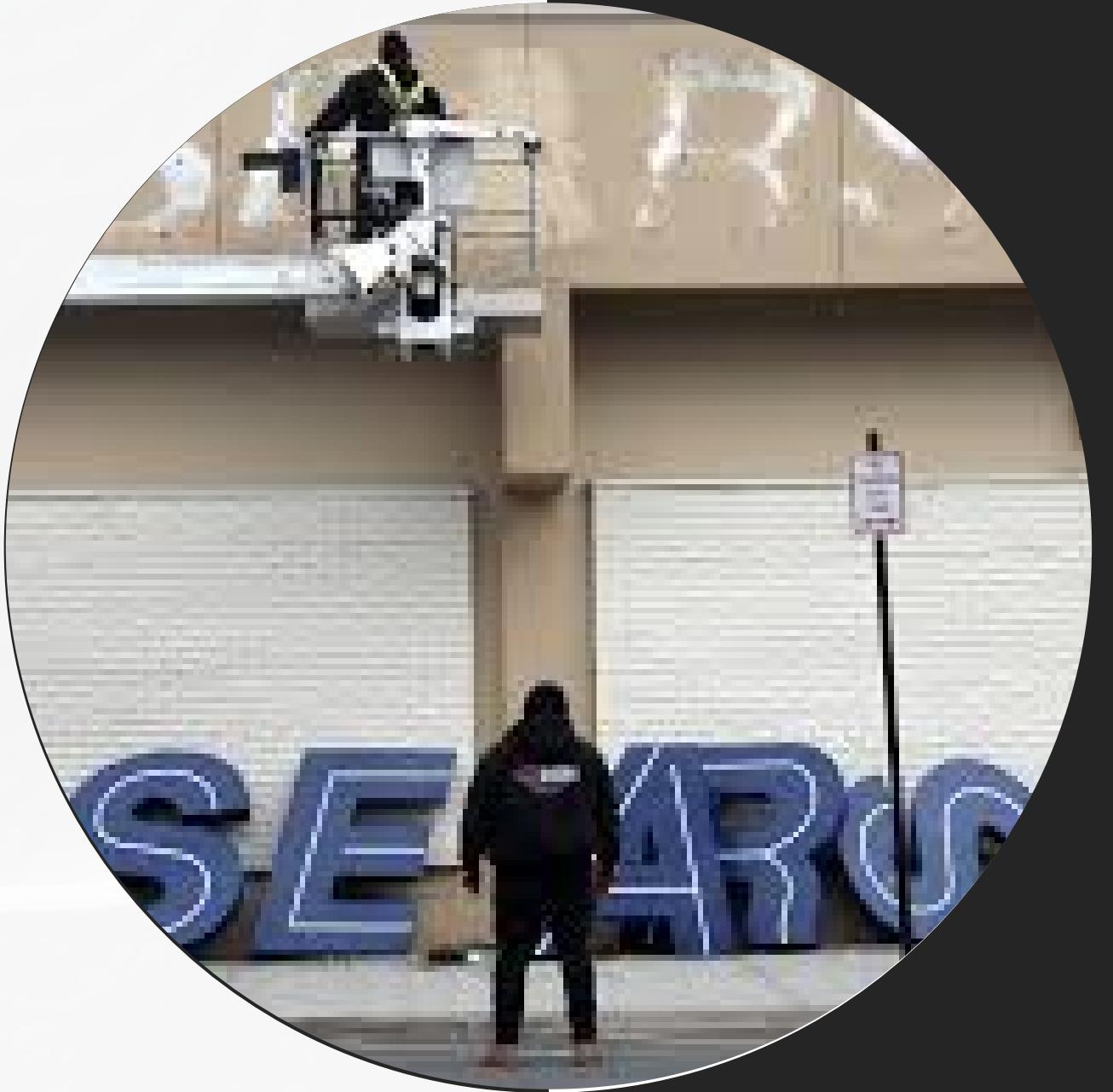


Consequences of IT Misalignment

IT misalignment directly impacted Sears' ability to compete:

- Poor customer experience:
- Operational inefficiencies:
- Loss of competitive advantage:

While Amazon used AI to recommend products, Sears struggled to track inventory accurately



Lessons from Sears' IT Strategy

Treat IT as a core strategic asset, not as a secondary function

- Align IT investments with business goals to drive long-term success
- Embrace emerging technologies
- Foster a culture of innovation and agility



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Where Did IT Governance Fall Short?



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IT Infrastructure and Innovation Failures

IT Infrastructure Failures

- Fragmented IT Infrastructure
- Outdated Legacy Systems

Innovations Failures

- Missed Digital Information
- Ignored Emerging Technology



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Proposed Solution

- Embracing The Digital Mindset
- Leveraging Digital Ecosystems
- Focusing on Integration



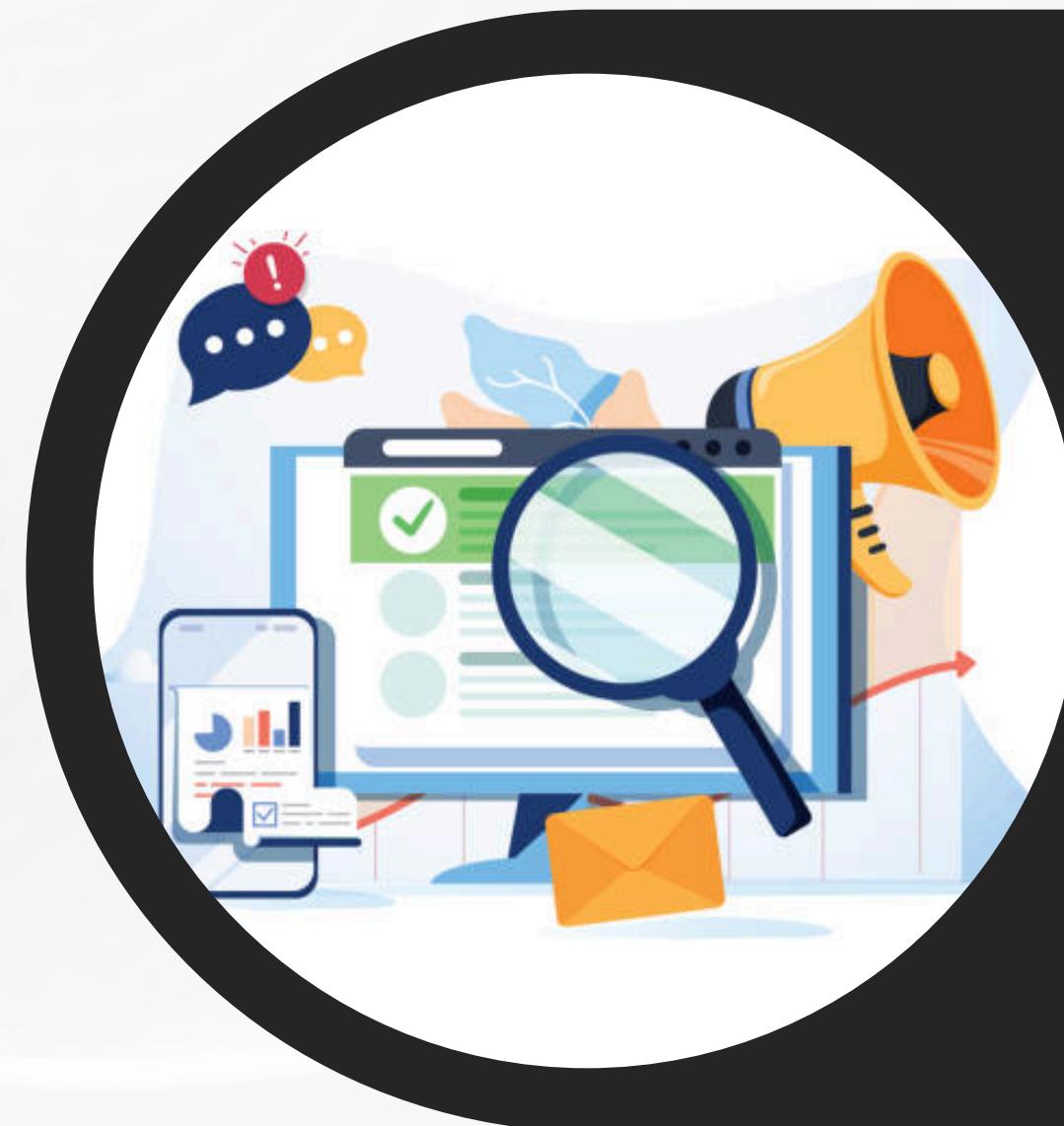


Sears Failures In Digital Transformation and Scalability

- Lack of Investment in Digital Transformation
- Outdated and Fragmented IT infrastructure

PROPOSED SOLUTIONS

- Invest in Modern E-commerce Platform
- Integrate Omnichannel Experience
- Migrate IT Systems to the Cloud



Sears Failures In Security and Analytics

- Inadequate Cybersecurity Measures
- Poor use of Data Analytics

PROPOSED SOLUTIONS

- Leverage Big Data and AI
- Implement robust cybersecurity measures
- Develop a unified data platform
- Regular audits and training



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Impact On Operational Efficiency

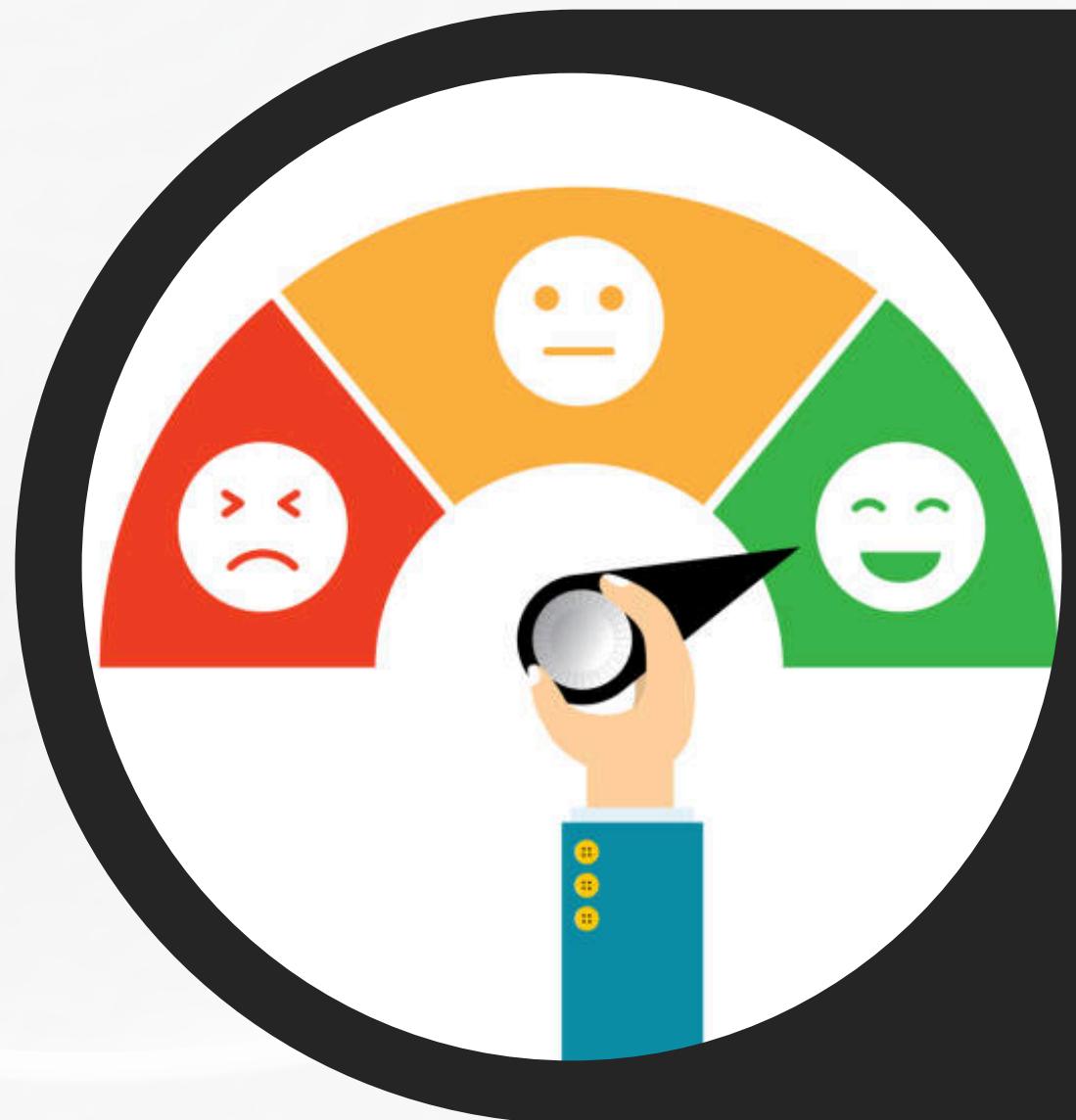
- Inventory Management Issues
- Delayed Order Fulfillment
- High Operational Costs



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Impact of Customer Experience

- Lack of Loyalty and Brand Trust
- Lack of Convenience
- Poor Online Shopping Experience



Impact On Revenue

- Declining Sales
- Loss Revenue opportunities
- Increased costs



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How Did Competitors Use IT Differently?



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What Technology Trends did Sears Ignore/Underestimate?

E-Commerce

- Online shopping
- Multi-channel Retailing
- Mobile Shopping and Apps

Big Data

- Leveraging Data analytics for inventory management
- Better inventory management
- Slow response to consumer preference changes

Experiential Innovation

- No competitive loyalty programs
- No in-store experience innovation
- Failed to leverage private labels

Could Early Action Have Prevented the Downfall?



How Could Sears Have Restructured Their IT Systems?

Online Shopping

- Focus on upcoming technology
- Provide value through convenience
- Utilize their diverse catalog
- Make use of their large amounts of customer data to gain a competitive advantage

Legendary Catalogue

- Mail order system allowed consumers anywhere to purchase
- Was shut down due to lack of profits
- Sears had no alternative
- Lack of innovation killed their competitive advantage



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Modernization Strategies for Sears

AI

- Useful for their large database
- Use it to offer customized deals
- Find patterns and trends in data
- Improve customer experience for their online shopping experience
- Predictive analytics

Inventory Management

- Sears lacked resources to innovate with their inventory
- Could have used IT systems to better track their inventory
- Unable to use their consumer data to an advantage





How IT Innovation Could Have Revitalized Sears

Improved Customer Experience

- AI could have offered customers more customized recommendations
- Helped both in-store and online
- Allows Sears to become more efficient and offer value to customers through time saving

Efficiently Done Business

- IT system would have improved their inventory management
- AI driven recommendations



Conclusion

- Failure at Sears proves the necessity of IT as a strategic asset
- Spending in AI, cloud, and analytics would have fueled growth
- Firms must embrace digital transformation or decline





Thank You

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