

RETAILFLOW

AI Leadership & Project Management Masterclass

Curtin University

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RETAILFLOW

Company Overview & Context

This fictional company will be used throughout today's exercises

COMPANY PROFILE

Industry: Retail (Fashion, Homewares, Accessories)

Headquarters: Perth, Western Australia

Founded: 2008

Business Model: Multi-channel retailer (physical stores + e-commerce)

SCALE & OPERATIONS

Physical Presence:

- **50 stores** across Australia
 - 18 in Western Australia
 - 12 in New South Wales
 - 10 in Victoria
 - 6 in Queensland
 - 4 in South Australia
- Store sizes: 800-1,200 square meters
- Located in shopping centres and high-street locations

E-Commerce:

- Online platform launched 2015
- 35% of revenue now from online sales (growing 15% annually)
- Mobile app launched 2022

Workforce:

- **~2,000 total employees**
 - 1,400 retail store staff
 - 350 distribution/logistics
 - 150 corporate/support functions
 - 100 technology/digital team

FINANCIAL PERFORMANCE

Current Year Performance:

Metric	Value
Annual Revenue	\$150 million
Year-over-year growth	8%
Gross Margin	42%
Net Profit Margin	4.2%
Online Revenue	\$52.5 million (35% of total)
Store Revenue	\$97.5 million (65% of total)

Financial Health:

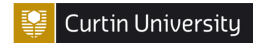
- Profitable for 12 consecutive years
- Debt-to-equity ratio: 0.3 (healthy)
- Cash reserves: \$12 million
- Innovation budget: \$3 million annually

PRODUCT CATEGORIES

Women's Fashion (40% of revenue)

- Clothing, accessories, shoes
- Fast-fashion positioning
- Price range: \$30-\$250

Homewares (30% of revenue)



- Bedding, furniture, decor
- Contemporary style
- Price range: \$20-\$800

Men's Fashion (20% of revenue)

- Clothing, accessories
- Casual/business casual
- Price range: \$40-\$280

Other (10% of revenue)

- Beauty products, gifts, seasonal items
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COMPETITIVE LANDSCAPE

Main Competitors:

Direct Competitors: - **Myer** (larger, more established, department store model) - **Cotton On Group** (faster growth, younger demographic) - **Kmart** (budget positioning, larger scale) - **Online pure-plays** (ASOS, The Iconic - better tech, no physical stores)

Competitive Position:

- **Strengths:** Strong brand in Perth, omnichannel presence, loyal customer base
 - **Weaknesses:** Limited scale, technology behind competitors, higher costs than pure online players
 - **Opportunities:** Digital transformation, personalization, customer experience
 - **Threats:** Amazon Australia, changing consumer preferences, rising costs
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CUSTOMER BASE

Demographics:

- **Primary:** Women aged 25-45
- **Secondary:** Men aged 25-50, younger shoppers (18-24)
- **Income:** Middle to upper-middle class
- **Geography:** Urban and suburban Australia

Customer Behaviour:



- Average customer visits store 3.2 times per year
- Average online orders: 4.1 per year (active customers)
- Customer lifetime value: \$1,840 (3-year average)
- Customer acquisition cost: \$42

Satisfaction Metrics:

- Net Promoter Score (NPS): 32 (industry average: 35)
 - Customer Satisfaction: 68% (declining from 78% last year)
 - Online reviews: 3.8/5 stars (down from 4.2/5 two years ago)
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TECHNOLOGY INFRASTRUCTURE

Current Systems:

Retail Systems: - Point of Sale (POS): Retail Pro (installed 2016) - Inventory Management: Custom-built system (2012, aging) - E-commerce Platform: Shopify Plus (migrated 2020)

Business Systems: - ERP: SAP Business One (2014) - CRM: Salesforce (2019) - Email/Collaboration: Microsoft 365

Data & Analytics: - Data warehouse: Basic SQL Server setup - Analytics: Power BI, Google Analytics - Limited AI/ML capabilities currently

IT Team:

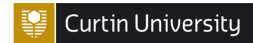
- CIO: Reports to CFO
 - 15-person IT team (infrastructure, support, development)
 - Heavy reliance on external consultants for projects
 - Annual IT budget: \$4.5 million
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STRATEGIC PRIORITIES (2025-2027)

CEO's Vision:

“To be Australia’s most loved multi-channel retailer by delivering personalised, seamless shopping experiences powered by smart technology and exceptional service.”

Board-Approved Priorities:



1. Digital Transformation

- Enhance e-commerce capabilities
- Integrate online and offline experiences
- Leverage AI and data analytics

2. Customer Experience Excellence

- Improve customer satisfaction scores
- Reduce friction points
- Personalisation at scale

3. Operational Efficiency

- Reduce costs while maintaining quality
- Optimize inventory management
- Streamline processes

4. Innovation & Differentiation

- Stay ahead of competitive threats
 - Test new technologies
 - Build competitive moats
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CURRENT CHALLENGES

Customer Service Issues:

- **Response times:** 26-hour average for email (too slow)
- **Wait times:** 12-minute average for phone (frustrating customers)
- **Satisfaction:** Declining (68%, down from 78%)
- **Team capacity:** 25-person team overwhelmed with volume

Inventory Management:

- **Stockouts:** Losing sales due to popular items selling out
- **Overstock:** Heavy markdowns on slow-moving inventory
- **Forecasting:** Manual, inaccurate, time-consuming

Competition:

- Competitors moving faster with AI/personalization
- Online pure-plays have better tech
- Losing market share to faster, more agile competitors

Organizational:

- Legacy systems limiting agility
 - Limited AI/tech expertise in-house
 - Change fatigue (recent SAP, Salesforce implementations were painful)
 - Skepticism about “technology silver bullets”
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LEADERSHIP TEAM

Emma Rodriguez - CEO

- Joined 2020 from Myer
- Driving digital transformation agenda
- Under board pressure to show innovation
- Supportive of AI initiatives but needs results

David Chen - CFO

- Been with RetailFlow 8 years
- Conservative with budgets
- Demands clear ROI
- Skeptical of tech spending after past project failures

Sarah Thompson - COO

- Retail veteran (15 years at RetailFlow)
- Protective of store operations
- Values employee input
- Worried about change impacting frontline staff

Marcus Kim - CIO

- Joined 2 years ago from consulting
- Passionate about AI and automation
- Limited budget and team
- Frustrated by legacy systems

- New role created 2023
 - Responsible for customer experience
 - Pushing for AI in customer service
 - Measured on satisfaction scores
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ORGANIsational CULTURE

Values:

- **Customer First:** Customer satisfaction drives decisions
- **Team Spirit:** Collaborative, supportive culture
- **Integrity:** Honest, transparent, ethical
- **Innovation:** Willing to try new approaches (within reason)

Reality:

- Mid-level managers resistant to change
- Frontline staff feel undervalued
- Technology projects have mixed track record
- “We’ve always done it this way” mentality in some areas

Change Readiness:

- Executive team: Supportive of innovation
 - Middle management: Mixed (some champions, some resisters)
 - Frontline staff: Skeptical after past tech rollouts
 - IT team: Excited but capacity-constrained
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WHY AI? WHY NOW?

Business Drivers:

Competitive Pressure:

- Competitors using AI for personalisation, pricing, inventory
- Risk of being left behind
- Board asking “what’s our AI strategy?”

Customer Expectations:

- Customers expect faster service
- Personalisation is table stakes
- 24/7 availability expected

Operational Needs:

- Labour costs rising
- Manual processes don't scale
- Data exists but underutilized

Technology Maturity:

- AI tools now accessible and affordable
- Cloud infrastructure in place (Shopify, Salesforce)
- Timing feels right

Previous Technology Projects:

Successes:

- Shopify migration (2020): Smooth, improved online sales
- Microsoft 365 rollout (2021): Well-adopted

Mixed Results:

- SAP implementation (2014): Over budget, took 18 months
- Salesforce CRM (2019): Good platform, poor adoption initially

Failures:

- Custom inventory system rebuild (2018): Abandoned after \$400K spent
- Mobile app v1.0 (2020): Launched with bugs, had to rebuild

Lessons Learned:

- Change management is critical
 - User involvement essential
 - Realistic timelines better than aggressive ones
 - Vendor selection matters
 - Clear success metrics needed upfront
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CURRENT AI INITIATIVES

In Progress:

- **Customer Service Chatbot** (the pilot you're working on)
 - Budget: \$150K
 - Timeline: 6 months
 - Status: Week 2 of live deployment
 - Challenges: Various (see crisis scenarios)

Proposed/Under Consideration:

- Inventory demand forecasting
- Personalised product recommendations
- Dynamic pricing
- Visual search
- Staff scheduling optimization

Board Expectations:

- See tangible results from chatbot pilot by Q4
 - Develop 3-year AI roadmap
 - Demonstrate RetailFlow is innovating
 - Balance innovation with risk management
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FOR EXERCISE PURPOSES

You are working on the Customer Service Chatbot pilot project.

Your role: AI Project Manager

Your team:

- Data Scientist (Dr. Priya Sharma)
- Customer Service Manager (Sarah Chen - different from Sarah Thompson, COO)
- IT Support (rotating team members)
- Executive Sponsor (Lisa Nguyen, Chief Customer Officer)

Your constraints:

- \$150K budget
- 6-month pilot timeline
- Can't disrupt ongoing operations
- Must demonstrate value to secure continued funding

Success means:

- Proving AI can work at RetailFlow
- Building organisational confidence in AI
- Securing funding for broader AI initiatives
- Improving customer satisfaction

Failure means:

- Setting back AI adoption for years
 - Losing credibility
 - Reinforcing skepticism about technology
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The stakes are real. Your decisions matter.

Use this context throughout today's exercises to ground your decisions in a realistic business scenario.