SIERRA®   Markdown Execution Planner

MARKDOWN PLANNING

1) Create the Plan

a) Identify markdown dates and cycle/s by utilizing the **Store Markdown Calendar**.
b) At least <u>one week in advance</u> of the next markdown file, prepare and assign the markdown scanning 'flow' based on the cycle/s to be scanned and the current merchandise presentation flow. **Always plan to scan the store front-to-back**. Stores <u>cannot</u> scan their markdowns based on high-to-low unit ownership by department, random selection, or personal management preference.
c) **All markdown scanning must begin on the date that's indicated on the Store Markdown Calendar, <u>no exceptions</u>.** Please refer to this calendar for the most up-to-date scan-start direction. Sub files are always scanned the day prior to an initial file and must be completed within the same day. **All initial file scanning should be planned to be completed within no more than 5 weekdays from the date the file begins.**
d) Ensure that all markdown equipment is in good working order, fully charged and accessible to use. Ensure appropriate supplies are available for all scanning associates.

2) Staff the Plan

a) Based on upcoming markdown dates and cycle/s, create a labor plan and **schedule** associates and management accordingly to support efficient markdown execution. In UKG Pro, use the *Shift Transfer* function to identify specific associate shifts for markdown scanning execution.
b) Markdowns are to be performed by a dedicated team of <u>no fewer than two</u> associates. Leaders should schedule with the goal of utilizing <u>all mobile scanners</u>.
c) Plan to spread markdown execution across an appropriate number of days to meet and exceed compliance expectations, based on number of departments to be scanned, markdown file size and anticipated customer traffic/sales. Avoid high-traffic periods of the day or busy weekends. **Stores should not plan any markdown scanning activity on weekend days, unless being conducted prior to store opening.**
d) Markdown shifts should always be planned to begin <u>prior</u> to store opening. Maintain a focus on balancing markdown workload with other store workload needs. **Stores with competing workload priorities must ensure that markdowns remain a consistent priority in tandem with truck processing and sales floor merchandising.**

3) Communicate the Plan

a) Store Management must communicate the markdown plan to all other members of management as soon as planning has completed. MOD's will communicate the markdown strategy to the scheduled markdown team during each day of scanning.
b) As scanning is completed and validated across departments and categories, the MOD will update the **Markdown Tracker** with all areas that have been scanned and the completion rate for each department.

COMPLIANCE EXPECTATIONS

 Stores are measured on their markdown scanning results and performance by day, otherwise known as markdown compliance. When planning markdowns, stores are to ensure that proper staffing, equipment, and workload considerations are made to meet or exceed the following compliance expectations:

SUB MARKDOWNS	DAY 1 COMPLETION
All Sub Files	100%

INITIAL MARKDOWNS	DAY 1 COMPLETION	DAY 2 COMPLETION	DAY 3 COMPLETION	DAY 4 COMPLETION	DAY 5 COMPLETION
Cycle 1/2 Initial Files	33% of store	66% of store	100% of store		
'Cycle All' Initial Files	20% of store (Start w/ Cycle 1)	40% of store	60% of store (100% of Cycle 1)	80% of store	100% of store (100% of Cycle 2)

PAYROLL FUNDING			
Cycle 1/2 Initial Files	FISCAL WEEK 1	**100% FUNDED**	
	FISCAL WEEL 2	**0% FUNDED**	
'Cycle All' Initial Files	FISCAL WEEK 1	**60% FUNDED**	
	FISCAL WEEL 2	**40% FUNDED**	

All stores are expected to achieve a minimum of a **70%** markdown compliance rate. The markdown compliance rate is measured as the total number of markdown-eligible items in an active cycle divided by the number of actual marked items (items that have been scanned and tagged as a markdown), multiplied by 100.

SCANNING PROCESS STEPS

1) **Pre-Scanning Recovery** - Plan and conduct a detailed recovery (sizing and reticketing) the day before the markdown cycle.
2) **Returns & Holds** - Returned merchandise or released holds must be scanned for markdowns before returning to the floor.
3) **Department/Scan Prioritization** - Always start scanning by following the merchandise presentation flow to match the cycle/s being scanned, **front-of-store to back-of-store, left-to-right, outer pads to inner pads, from wall to floor to feature**. If scanning all cycles in the same file, always start with apparel and end with hardlines. Scan each department to completion as a <u>team</u>, ensuring not to forget features, display shelves with live merchandise, and mannequins or busts.
4) **Label Placement** - As each markdown label prints, immediately align & affix the label to either completely cover an existing regular-price or clearance <u>gum tag</u> or cover the lowest section of a <u>hang tag</u> **without concealing the regular price**.
5) **Merchandise Movement** - After scanning is completed in a department and before moving on to the next, complete the movement and re-merchandising of all newly marked down merchandise to the appropriate clearance selling areas.
6) **Tagging Issues & Damage** - Collect and hold all merchandise that is damaged or missing a tag until the scan of the department is complete. Upon completion, ensure tags are made or merchandise is moved to the damage center.
7) **Recovery** - Maintain a continual focus on total store recovery standards throughout the markdown scanning process.
8) **Unfound Item Reconciliation** - After the store has been fully scanned, review the *Store Ops Price Change Report* to analyze any outstanding items and attempt to scan any items that may have been missed.

MARKDOWN TRACKER

During each cycle, the MOD must initial each department/area that has been <u>fully scanned</u> and enter the scan completion percentage.

			DEPARTMENTS							
	MOD INITIALS	COMPLETION PERCENT	**WOMENS APPAREL**	MOD INITIALS	COMPLETION PERCENT	**MENS APPAREL**	MOD INITIALS	COMPLETION PERCENT	**ACCESSORIES & KIDS APPAREL**
CYCLE 1			15 WOMENS SWIM			22 MENS SWIM			40 BOYS APPAREL & ACCESSORIES
			17 WOMENS ACTIVEWEAR			64 MENS ACTIVEWEAR			70 GIRLS APPAREL & ACCESSORIES
			3/36 WOMENS CASUAL & PERFORMANCE			21/23 MENS CASUAL & PERFORMANCE			45 GAMES & TOYS
			35 WOMENS OUTERWEAR			26 MENS OUTERWEAR			55 FOOTWEAR ACCESSORIES
			50 WOMENS UNDERWEAR/SLEEP			20 MENS UNDERWEAR/SLEEP			SUB WOMEN'S CLEARANCE
									SUB MEN's/KIDS/ACCESS. CLEARANCE

MIXED			QUEUE LINE			FRONT-OF-SHOP			BACKSTOCK

			DEPARTMENTS							
	MOD INITIALS	COMPLETION PERCENT	**TOTAL GEAR**	MOD INITIALS	COMPLETION PERCENT	**TOTAL HOME**	MOD INITIALS	COMPLETION PERCENT	**FOOTWEAR & ACCESSORIES**
CYCLE 2			57 HUNT & FISH			85 TOTAL FOOD			27/29 MENS CASUAL & PERFORMANCE
			56 CYCLING			81 WELLNESS			24/25 WOMENS CASUAL & PERFORMANCE
			59 ALL OUTDOOR GEAR			83 SEASONAL DÉCOR			28 KIDS FOOTWEAR
			74 TRAVEL & LUGGAGE			82 KITCHEN & CLEANING			16 MENS ACCESSORIES
			54/59 SNOWSPORT & WATERSPORT			60/84 SOFT HOME/DÉCOR & FURN.			19 WOMENS ACCESSORIES
			58 CAMPING			62/86 FLOOR DÉCOR & FURNITURE			SUB TOTAL GEAR CLEARANCE
			59 FITNESS & SPORTING GOODS			83 CANDLES			SUB TOTAL HOME CLEARANCE
			58 DAYPACKS/SLEEPING BAG WALL			67 TOTAL PET			SUB FOOTWEAR CLEARANCE