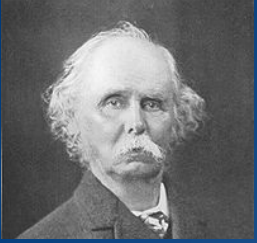


The Marshalls logo is centered on a white rectangular background. It features the word "Marshalls" in a bold, blue, sans-serif font. The letter "M" is stylized with a diagonal slash through it. A registered trademark symbol (®) is located at the end of the word.

Caitlin Chamberlain, Julie Payton, Andrea Dragoni, Marlana Perillo Gentile, Akash Bajaj, Jasmine Mina, Sammi Devlin

Overview

- Information technology (IT) continues to grow in popularity as well as importance every day.
- Critical component of all businesses
- Marshalls is one of three stores under Marmaxx division of The TJX Companies, Inc. (TJ Maxx and HomeGoods are the other two)
- No online shopping or browsing option
- Lack of up to date technology practices

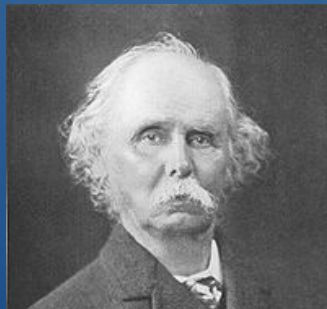


Company Background

- Founded in 1956 by Alfred Marshall and a small group of entrepreneurs.
- Created the “Brand Names for Less” concept that eventually became Marshalls’ mantra.
- First retail store opened in Boston, MA
- Strategy – buy post-season and overrun merchandise and sell them at prices that were 20-60% less than the brand name store prices
- One of 3 stores under the TJX Companies, Inc.

Purpose

“Political economy or economics is the study of mankind in the ordinary business of life; it examines that part of individual and social action which is most closely connected with the attainment and use of the material requisites of well-being.”



~ Alfred Marshall

Marshalls®

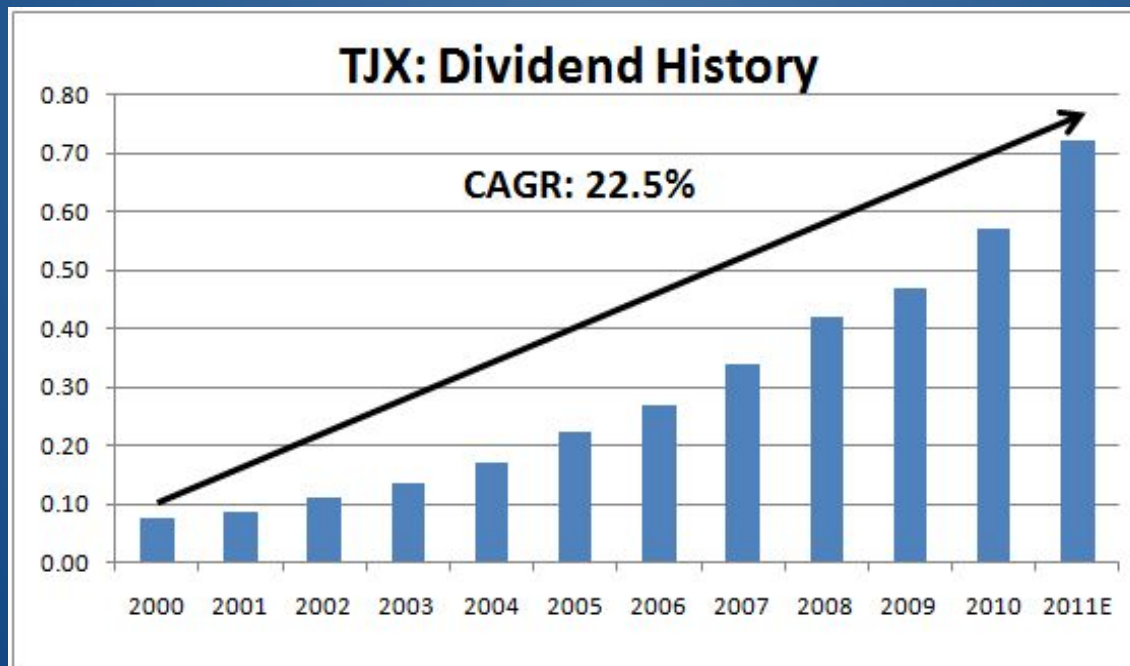
Customers/Competition

- Marshalls is a store for everyone – not just people who are shopping on a budget
- No specific segmentation or demographic
- The two other TJX Companies, Inc. stores are Marshalls' biggest competition
 - TJ Maxx
 - HomeGoods



Size and Growth

- Over 750 retail stores today
- Marshall's has experienced a continually rising dividend growth rate since 2000



Stock

- The TJX Companies stock prices has showed an upward trend over the last five years, which means TJX is a strong, stable company.



Corporate Mission Statement

“Our off-price mission is to deliver a rapidly changing assortment of fashionable, quality, brand name and designer merchandise at prices generally 20% - 60% below department and specialty store regular prices, every day. With our value proposition and exciting treasure-hunt shopping experience, we believe that our demographic reach is among the widest in retail as we attract a broad range of fashion and value conscious customers across many income levels and other demographic groups.”



Corporate Objectives

“The TJX business model is built to have tremendous flexibility and grow with the times, enabling us to navigate through economic downturns as well as upturns.”

Corporate Strategy

- Operating with leaner, faster turning inventories
 - Gives them the ability to drive higher merchandise margins
- Become more precise at delivering goods
 - Right goods to the right store will increase profits
- Real estate flexibility
- Financial strength
 - Underpinning confidence in the sustainability of profitable growth
- Strong operations and low-cost model
 - Excellent financial returns

Business Vision Statement

“Through Marshalls’ innovative buying and sourcing strategies, we never miss a designer deal. That’s why we are dedicated to providing our customers with top quality merchandise for themselves and their families, every day.”

Business Value Statement

“At Marshalls, value isn’t just about price. Our off-price buyers are trained to recognize that true value is a combination of fashion, quality, brand and price. At Marshalls, we recognize the value of our many associates and remain committed to recruiting and retaining a talented and diverse workforce that reflects the communities we serve.”

IT Mission and Vision

- The mission of the IT strategy that we are proposing is the following:
 - To fulfill Alfred Marshall's goal to connect with customers on a behavioral level and satisfy growing technological wants and needs.

Objectives

- Incorporate a more technological aspect to facilitate the customer's shopping experience
- Allow customers to view products/shop online
- Introduction of "MyMarshalls"
 - A profile based purchase recommendation service

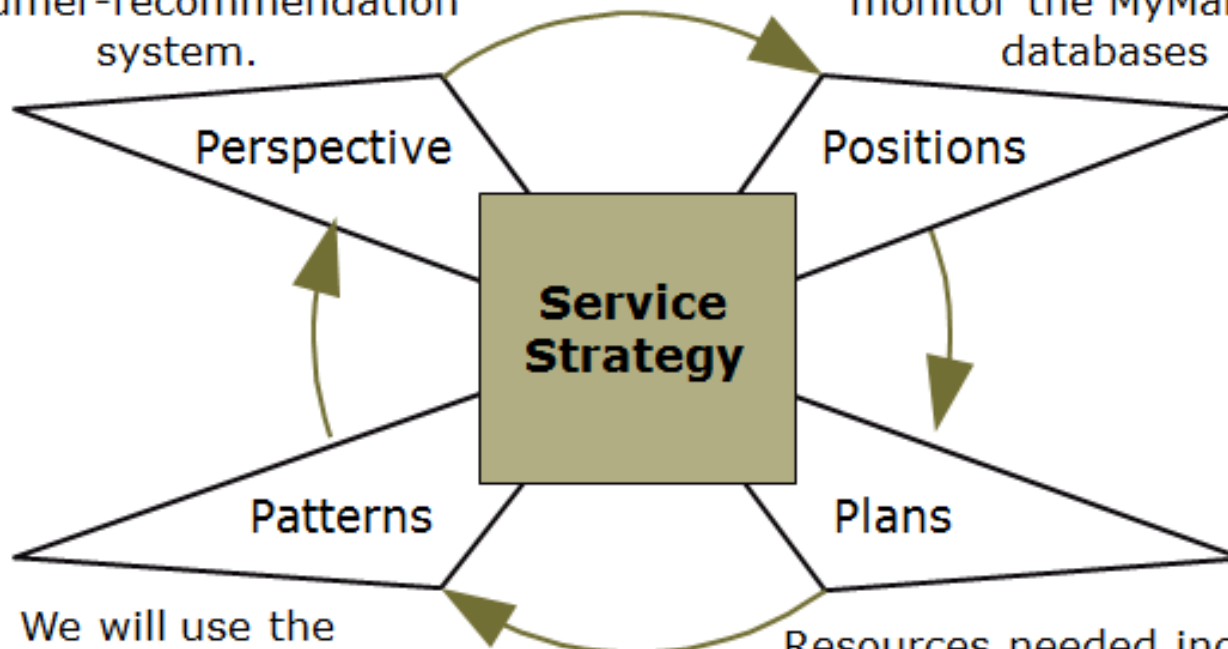
IT Strategy

- Enforce and enhance Marshalls' value statement for the company
- Provide unprecedented value to consumers
- Implement database and profile systems
- Create a MyMarshalls app
- Loyalty programs
 - Points → discounts

The 4 Ps of IT Strategy

Create the MyMarshalls app and further develop the consumer-recommendation system.

Services required include an IT staff that will monitor the MyMarshalls databases



We will use the database system to track customer purchases and enhance business operations

Resources needed include a big-data server, and staff members with CS background

Alignment

- Key to successful implementation of the new strategy is ensuring proper alignment
- Clearly outline the goals so that the corporate side can understand and support them
- Make sure the service side (IT and computer science teams) fully understand their goal
- Regular meetings are a necessity

Prep for MyMarshalls

- Prior to launching MyMarshalls, the following steps will need to be taken by the company:
 1. Corporate side will create a list of specific goals.
 2. Three months before launch – corporate and service representatives will meet every Monday and Friday to discuss the week’s goals.
 - Monday meetings → communicate the goals
 - Friday meetings → monitor the progress of said goals
 3. “Soundboard Sessions” will occur immediately after Monday meetings.
 - Service side will discuss their assignment with corporate side to ensure both sides are on the same page.

Post MyMarshalls Launch

- Database activity will be monitored for 6 months
- Then there will be another meeting between the representatives of both sides of the business to discuss the new system
- At these meetings, ideas to improve the system or make the mobile app more efficient will be discussed

Business Problem Addressed

- Marshalls lack of a current strong IT strategy.

Goals:

- Implementation will support the forming of a strong IT-business relationship
- Increase technical competence and credibility
- Interpersonal reactions will grow stronger
- New strategy will lead to another sustainable competitive advantage for the company

Five Principles for Delivering Value

1. Have a clearly defined portfolio value management process.
2. Aim for chunks of value.
3. Adopt a holistic orientation for technology value.
4. Aim for joint ownership and responsibility of technology initiatives.
5. Experiment more often.

Alignment of Business and IT

- Soundboard Sessions will help achieve portfolio value management and orientation for technology.
 - Efficient IT-business relationship established
 - Customers shopping experience will be easier
- Joint ownership will be achieved
 - Both sides of the business will have responsibility.
- Generating data for the database will allow the company to experiment more often.
 - More data → new patterns will emerge

Data:

Information Management

- Involves six activities that are all related:
 1. Identification of information needs
 2. Acquisition of information
 3. Creation of information
 4. Analysis and interpretation of information
 5. Information access and dissemination
 6. Information use

Master Data Management

- A comprehensive method of enabling an enterprise to link all of its critical data to a master file, which allows for easier access.
- Attributes for inventory database:
 - Barcode
 - Product type
 - Color
 - Cost
 - Price
 - Inventory on hand
 - Inventory ordered
 - Number sold

IT Governance

- Involve stakeholders in establishing goals
- Group every store by warehouse
- Assign each warehouse a manager who will report to the executive of the company
- Assess risks via a risk management plan

Risk Management Plan

Risk Register for myMarshalls Application

Risk Register for myMarshalls Application															
Risk Identification					Qualitative Risk Assessment				Risk Response Plan		Monitoring and Control				
#	Status	Risk Category	Risk Event	Cause	Effect	Threat or Opportunity	Primary Objective	Probability	Impact	Risk Matrix	Response Strategy	Response Actions	Responsible Entity	Interval or Milestone Check	Status: Date and Review Comments
1	Active	External	App Crashes	Poor Information Management	Customer Dissatisfaction	Threat	Quality	Low	High		Mitigate	Temporarily pause less useful features of the App	Head of Mobile Applications	Daily	xx/xx/2012
2	Active	Design	Difficult for non tech savy users	Lack of technological knowledge	Increased confusion with mobile application	Threat	Cost	Medium	Medium		Accept	People may have difficult time using the App so it must have a very simple User Interface	Developer	Monthly	xx/xx/2012
3	Active	External	Too Expensive to Maintain	Costs are exceeding the benefit	Decreased Profit	Threat	Cost	Low	High		Accept	You have to accept the sunk cost and discontinue the application	CIO	Monthly	xx/xx/2012
4	Active	Construction	Application Bugs/ Virus	Application isn't working	Dissatisfied Users	Threat	Quality	Low	Very High		Mitigate	Pause mobile app operations and fix the App	Developer	Weekly	xx/xx/2012

Communication Plans

- Both sides need to properly understand each other's objectives and clearly state requirements.
- Business must tell IT their vision with the app.
- At least one member from the executive level must be present for all major meetings
- The CIO and CMO must be in constant communication with one another
- CMO will be responsible for reading and critiquing all progress reports

Professional Assessment: Strengths

- Extremely flexible off-price business model
- Easy adaption to changing trends
- Variety of brands and products
- Low prices for brand names
- Flexible store space
- Continuous flow of merchandise into stores
- Solid relationships with manufacturers and other merchandise suppliers

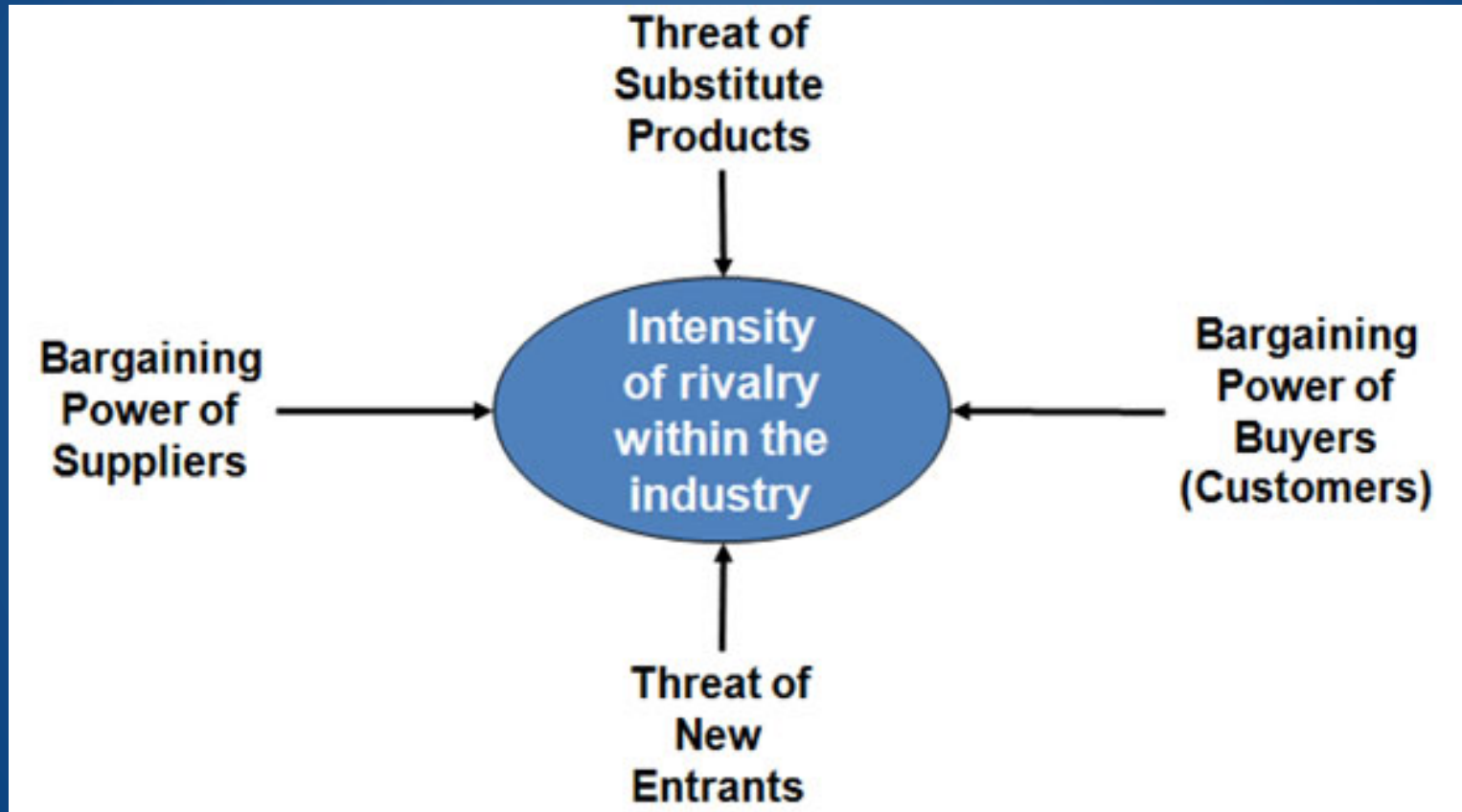
Professional Assessment: Weaknesses

- Not an e-commerce retailer at the moment
- No online shopping or browsing option
- Low advertising budget
- Involvement in various lawsuits and legal proceedings
- Declining liquidity

Ansoff Matrix for Opportunities

	Existing Products/Services	New Products/Services
Existing Markets	<p>Market Penetration Opportunities</p> <ul style="list-style-type: none"> Broad product offerings from a large variety of name brands New MarMaxx distribution center Speed of supply chain keeps the sales momentum going Aim towards a new market segment – girls between the ages of 16 and 23 	<p>Product Development Opportunities</p> <ul style="list-style-type: none"> Remodel program – keeping stores clean, organized, and fresh so as to offer an upgraded shopping experience. Plan lean inventories Offer new brands up to date with new fashion
New Markets	<p>Market Development Opportunities</p> <ul style="list-style-type: none"> Become an online retailer by using e-commerce and mail ordering, which will draw more customers Invest in new and old store growth and expansion More brands, more current fashions, and less inventories will create a more exciting shopping experience Marshalls new focus could be in new countries such as Canada 	<p>Diversification Opportunities</p> <ul style="list-style-type: none"> Create an app and a text message system to send incentives to customers in the area or nearby stores Develop an email alert system Product recommendation system Product rating system that allows customers to write reviews for a product they have purchased Make a Marshalls product line

Porters Five Forces



As-Is To-Be Analysis

	As-Is	To-Be
Business Strategy	<p>Products and Services</p> <ul style="list-style-type: none"> • Second largest off-price retailer of apparel and home fashion in the US (after TJ Maxx) • Flexible store layout • Broad product offerings 	<p>Products and Services</p> <ul style="list-style-type: none"> • E-commerce • New product rating system • Expansion and better brand presence • Lean inventory • Remodel program • Expand global sourcing
Business Strategy	<p>Customers and Clients</p> <ul style="list-style-type: none"> • Target female customers who have families with middle to upper-middle level incomes, and who generally fit the profile of a department store or specialty store shopper <p>Competitors</p> <ul style="list-style-type: none"> • Discount retailers, wholesalers and distributors, as well as ecommerce retailers, and catalog businesses • International competition edges with super center stores, wholesale clubs, internet-based retailers, and variety and specialty stores 	<p>Customers and Clients</p> <ul style="list-style-type: none"> • Increase brand awareness in other countries • Improve customer service • Create a new market segment to attract younger shoppers and men • Retain loyal customers • Attract new customers • International growth – pursue untapped US consumers <p>Competitors</p> <ul style="list-style-type: none"> • Online retailers

As-Is To-Be Analysis

	As-Is	To-Be
Business Strategy	<p>Organizational Structure</p> <ul style="list-style-type: none"> • Effective organization • Fashion, quality, brand, and price • Off-price buying strategy • Long-term vendor relationship/flexibility 	<p>Organizational Structure</p> <ul style="list-style-type: none"> • New fashion and more brands • Expand global sourcing • New prototype/continually make improvements • More powerful marketing • Speed of supply chain – keep sales momentum going
IT Strategy and Infrastructure	<p>Architecture</p> <ul style="list-style-type: none"> • Internally developed inventory system • Expansive distribution infrastructure • Specialized compute inventory planning • Satellite use to determine pricing, markdown decisions, and store inventory • Warehouse storage, process handling, and shipping systems • No online shopping option 	<p>Architecture</p> <ul style="list-style-type: none"> • Add distribution network capacity • Improve the system <ul style="list-style-type: none"> - faster and more precise - the right goods from the right stores at the right time • Leaner, faster-turning inventories <ul style="list-style-type: none"> - major driver of sales and merchandise margins • E-commerce presence



Market Analysis and Demand

- Off-price retail concept is growing faster than most other retail segments
- Ongoing trend reflects a huge consumer market for brand name fashion at prices even lower than those at stores such as Target
- Combination of simultaneously growing the supply and demand in this market has led to a 10% growth over the last five years

Expansion of Target Market

- Current target customer:
 - fashion and value conscious female
 - middle to upper middle income
 - between the ages of 25-54 years old
- New target customers:
 - Younger
 - both male and female
 - loyal shoppers

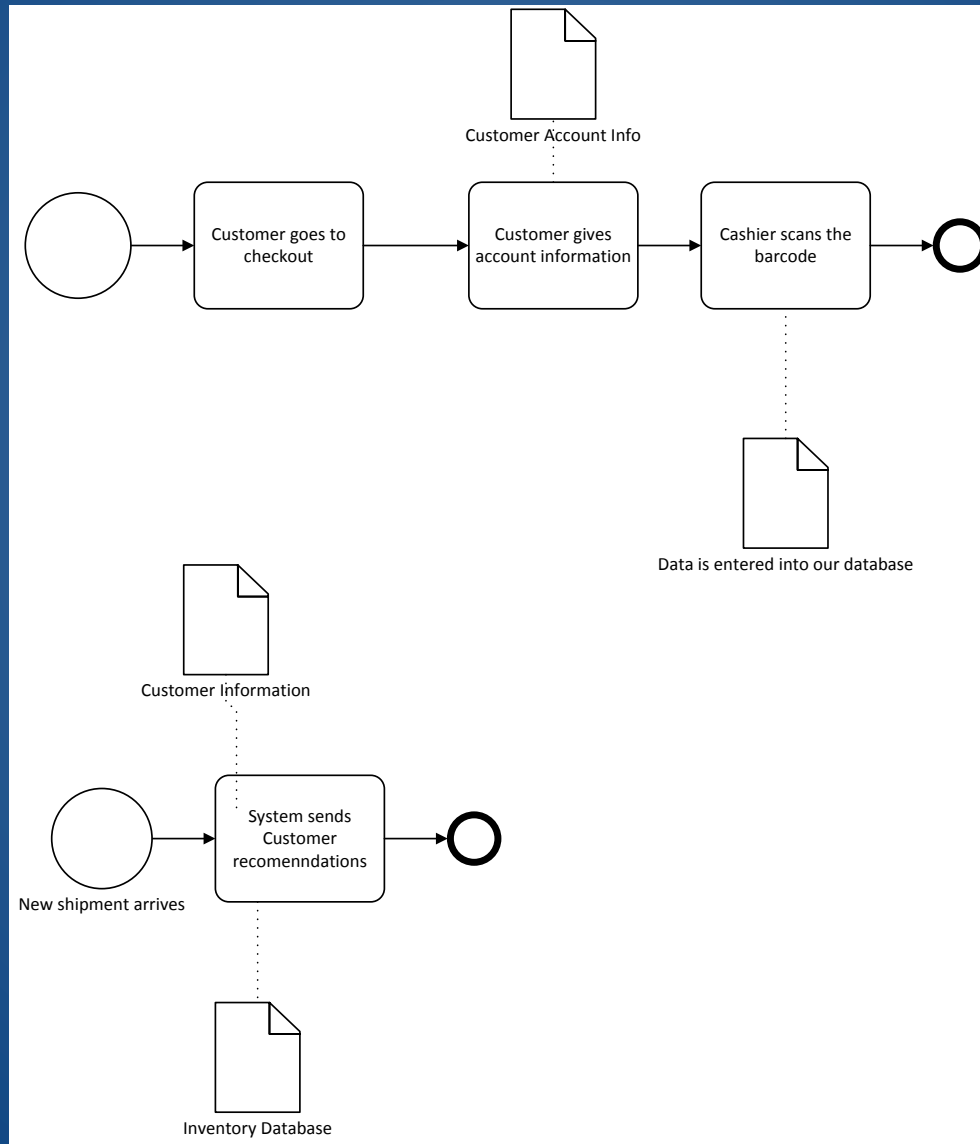
BCG Matrix

		Relative Market Share	
		High	Low
Market Growth Rate	High	 Stars	 Question Marks
	Low	 Cash Cows	 Dogs

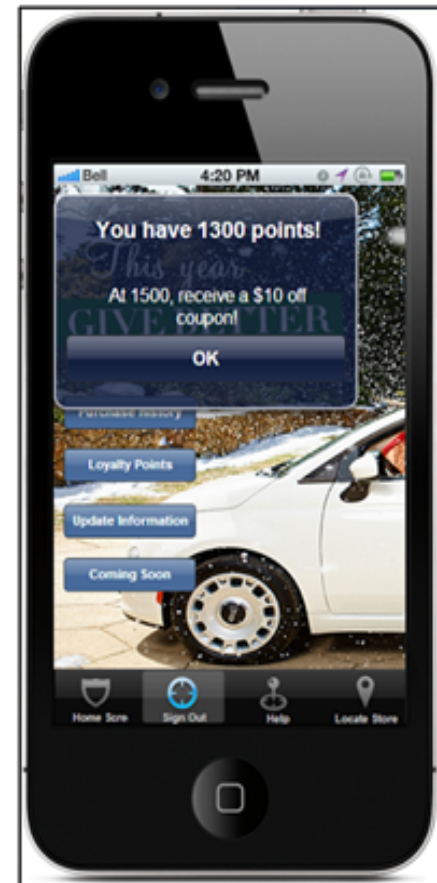
Stages of Service Design

- Planning stage is the most important
 - Clearly state objectives
- Development of goal of new service
 - Fully automated system which markets to customers
- Gathering data will be the longest stage
- Developing the system and mobile application for consumers
- Implementing the finished service
- Maintaining the database and mobile application

Service Processes



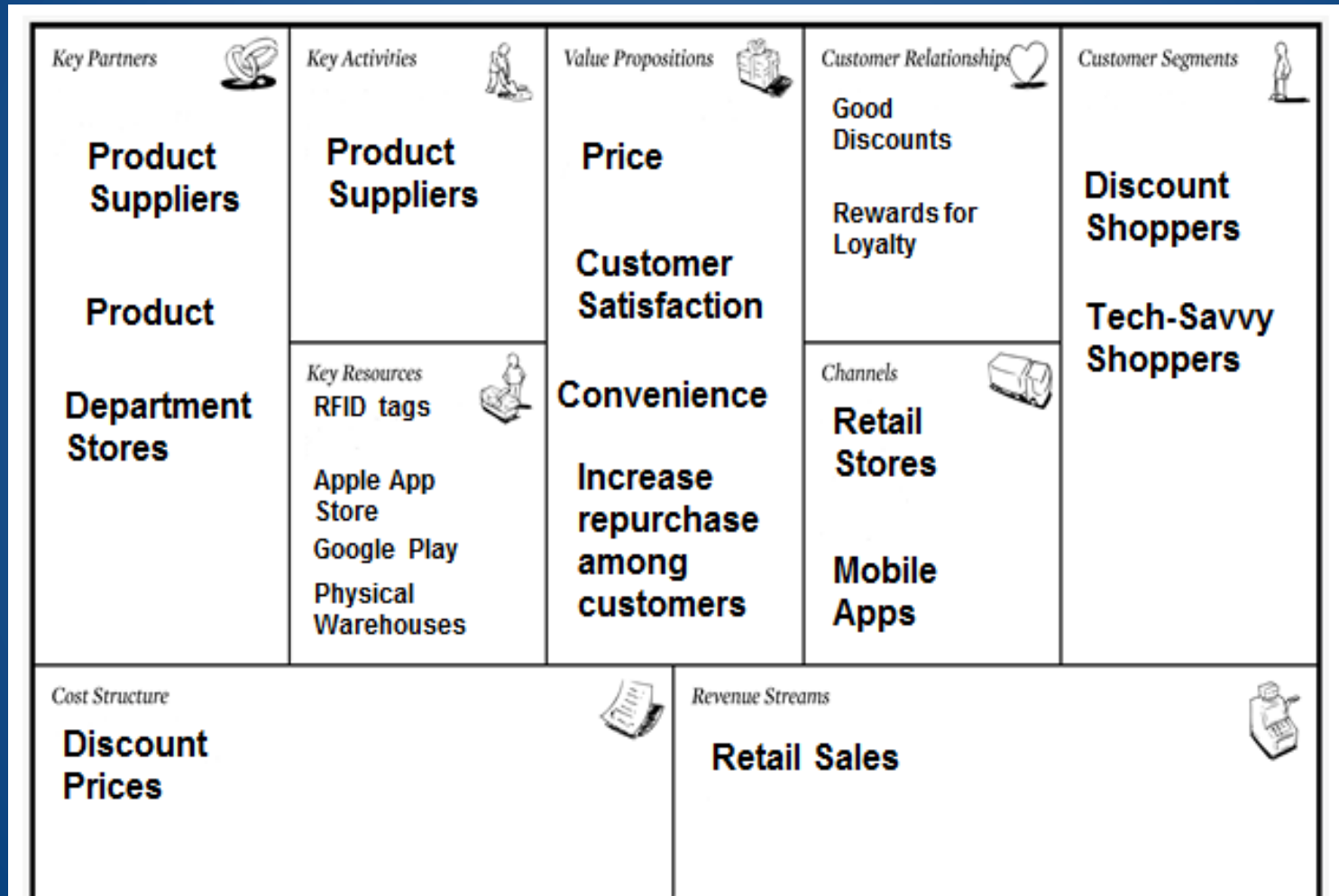
Service Visualization



Technology Road Map

- Plan:
 1. Guiding Principles
 2. Current Technology
 3. Gap Analysis
 4. Technology Landscape
 5. Future Technology
 6. Migration Strategy
 7. Governance

Business Model



Alignment

- IT/Business model incorporates our new IT strategy into the existing business goals
- New mobile app will attract more customers and allow them to experience low prices for brand names
- New target segment → tech savvy individuals
- RFID tags will make the job of maintaining physical warehouses much easier

Eight Ps of Service Marketing

1. Product

2. Price

3. Promotion

4. People

5. Process

6. Positioning

7.

Performance

8. Place

Value Proposition

- Without MyMarshalls or some other type of online advancement, Marshalls will soon fall behind to other retail stores.
- Our app and the introduction of online shopping would allow customers to see a product they like online and purchase it immediately.
- Customers will be able to guarantee a product

Customers

- Customers are informed through the store's advertising which includes the following:
 - Television ads
 - Radio commercials
 - billboards
- Marshalls may want to consider educating their customers through magazine ads.

Strategy

- Slogan: “Never pay full price for fabulous.”
- Customer ratings are slightly above average
- Introduction of our app will help build customer loyalty and attract new customers
- Pricing strategy works well because consumers know to expect good quality at low prices without a vast variety of options

Financial Background

- TJ Maxx stores plus Marshalls stores – 1940
- Collectively represent the largest off-price retailer in the United States
- TJ Maxx and Marshalls are part of Marmaxx, one of four divisions of the retail giant TJX
- Marmaxx sales represented ~66% of total net sales and 72% of profits for the TJX segment
- TJX does not present selected financial information for its divisions, i.e. Marshalls.

Return on Investment (ROI)

- Based on the financial information with respect to the Marmaxx business segment, the return on investment for the fiscal year ended February 2, 2013, January 28, 2012, and January 29, 2011 are as follows:

	FYE 2013	FYE 2012	FYE 2011
Segment Profit (Loss)*	2,486,274	2,073,430	1,875,951
Total Assets	4,569,887	4,115,124	3,625,780
ROI	54.4%	50.4%	51.7%
*in 1,000's			

Gross Margin Percentage

- For the TJX Companies, the gross margin percentage has climbed over the past three years from 26.90% to 28.42%.

	FYE 2013	FYE 2012	FYE 2011
Sales Revenue -	25,878,372	23,191,455	21,942,193
CGS	<u>(18,521,400)</u>	<u>(16,854,249)</u>	<u>(16,040,461)</u>
Gross Margin	7,356,972	6,337,206	5,901,732
Sales Revenue	25,878,372	23,191,455	21,942,193
Gross Margin %	28.42%	27.33%	26.90%
** in 1,000's			

Net Sales

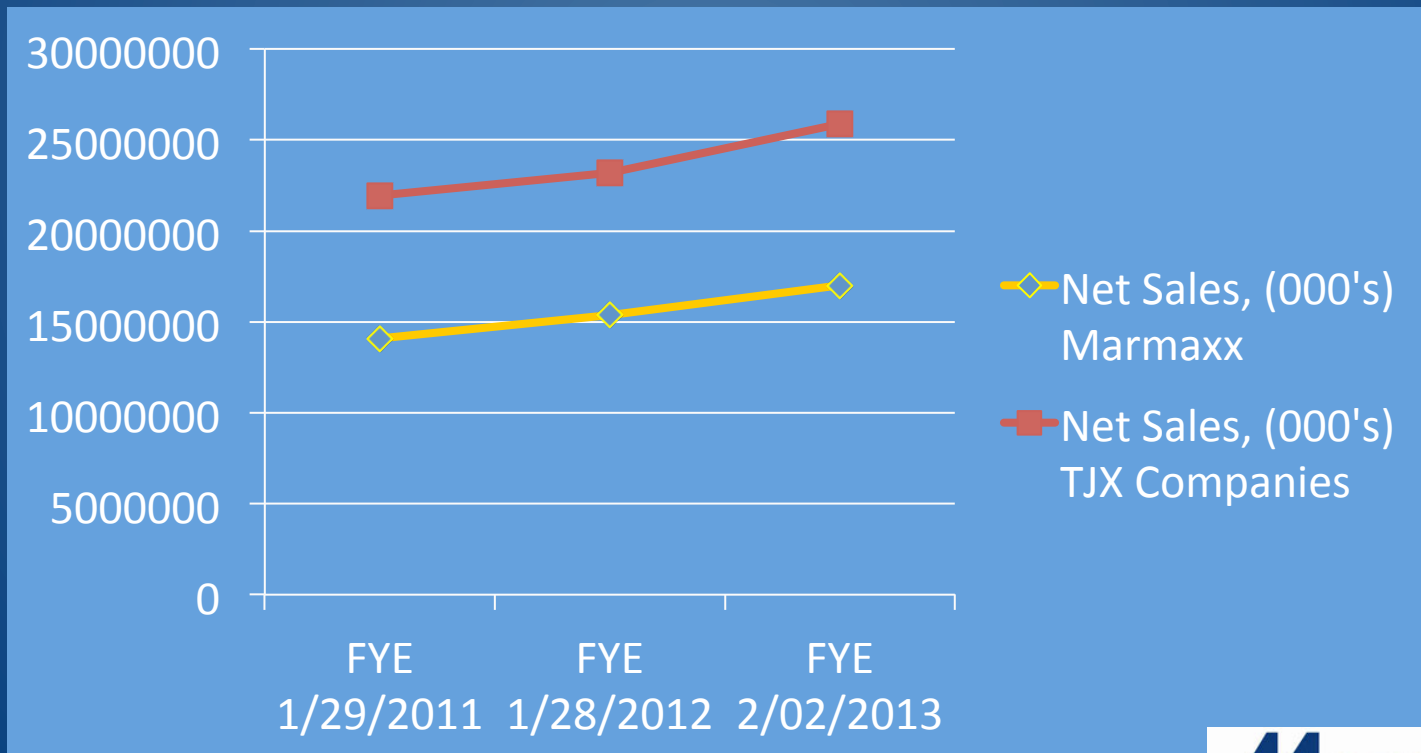
- Marmaxx has shown regular revenue growth over the past three years. The net sales figures for Marmaxx business segment are as follows:
 - FYE February 2, 2013 - \$17,011,409 (000's)
 - FYE January 28, 2012 - \$15,367,519 (000's)
 - FYE January 29, 2011 - \$14,092,159 (000's)
- Revenue growth:
 - 2011 to 2012 → 9%
 - 2012 to 2013 → 10.7%
 - *Reasonable to project continued growth of about ~ 10%*

(TJX Companies, Inc. 2012 Annual Report, F-18)



Revenue Growth

- Revenue growth of Marmaxx closely parallels that of the entire TJX Companies.



Projection for Expenses

- Based on expenses for TJX Companies
- Total general and corporate expenses and interest expense:
 - FYE January 29, 2011 → \$207,796,000
 - FYE January 28, 2012 → \$263,937,000 (27% growth rate)
 - FYE February 2, 2013 → \$364,173,000 (37% growth rate)
- General corporate expenses represent 0.9% to 1.4%.
- This trend would be troublesome if continued unchecked, but the relatively insignificant percentage of general corporate expenses as compared to net sales makes the trend less disturbing.

2013 Spending Plan

“In 2013, we plan to continue to make investments to support our growth while returning value to shareholders. Our capital spending plan of \$925 million - \$950 million includes investments in our supply chain and infrastructure, new stores, store remodels and e-commerce initiatives.”

www.tjx.com

Marshalls[®]

Cash Flow Analysis

- For the FYE February 2, 2013:

Net cash provided by operating activities: \$3,045,614 (000's) *

Net sales: \$25,878,372 (000's)

*

$$3045614 / 25878372 = .12$$

- Each dollar of sales produces \$.12 cash.



*The TJX Companies, Inc. 2012 Annual Report, F-6

Pricing Analysis

Considerations:

- Customer analysis
 - Segments, motivations, unmet needs
- Competitive analysis
 - Identify completely, put in strategic groups, evaluate performance, image, objectives, strengths, and weaknesses
- Market analysis
 - Overall size, projected growth, entry barriers, trends
- Environmental analysis
 - Technological, government, economic, cultural, demographic

Pricing Analysis

Questions to Ask:

- What new needs of customers could you meet?
- What economic trends could affect your organization?
- Are there political or social changes that could impact our business?
- How do recent technological developments affect us?

Delivery/Operations

- Our new strategy takes away the risk of going to Marshalls and wasting time hunting for something that is not there
- Notifications will not be overkill
- Text message and email will be used



Sales, Human Resources, and Staffing

- MyMarshalls will lead to increased sales
- Human resources will be in charge of hiring and overseeing the new staff involved in app creation
- Contracted group of professionals for 6 months
- At the end of this 6-month period both teams will present to their completed business plans.

Outsourcing



- Constant surveying of costs
- Group of professionals who will show us a better understanding of the project
- Spend time and effort in the beginning to determine if outsourcing is the best option
- Ensure employees are well trained to fully understand the new systems.

Rollout Plan

1. Recommendations
2. Allocation of resources
3. Decision in redesigning the business process
4. Determine most applicable measurements
5. Rising trend of e-retail businesses offers huge potential for increased profitability
6. Product recommendation system

Traditional Measures

- Ways to measure success:
 - Return on investment
 - Return on equity
 - Shareholder equity
 - PE ratio
 - Product profitability



ROI and ROE

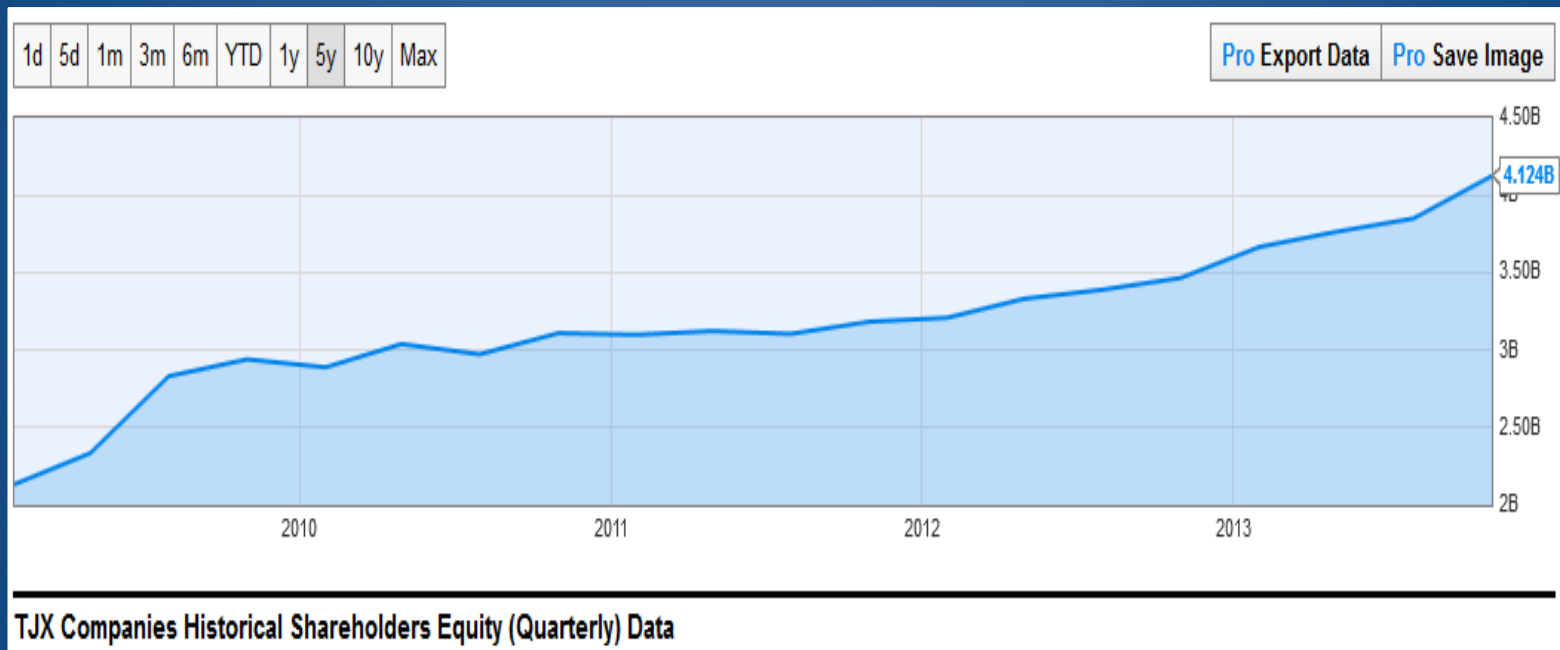
TJX's ROI:

Return On Investment	(July 27, 2013)	(April 27, 2013)	(Jan. 26, 2013)	(Oct. 26, 2012)	(July 27, 2012)
	II. Quarter	I. Quarter	IV. Quarter	III. Quarter	II. Quarter
<i>Y/Y Investment Change</i>	19.81 %	18.51 %	10.22 %	8.18 %	-
<i>Y/Y Net Income Change</i>	13.88 %	8.04 %	27.25 %	13.55 %	20.89 %
Return On Investment (TTM)	33.11 %	33.63 %	34.53 %	32.98 %	32.6 %
TJX's Overall Ranking	# 11	# 14	# 11	# 13	# 14

TJX's ROE:

Return On Equity	(July 27, 2013)	(April 27, 2013)	(Jan. 26, 2013)	(Oct. 26, 2012)	(July 27, 2012)
	II. Quarter	I. Quarter	IV. Quarter	III. Quarter	II. Quarter
<i>Y/Y Equity Change</i>	13.57 %	12.93 %	14.23 %	8.89 %	-
<i>Y/Y Net Income Change</i>	13.88 %	8.04 %	27.25 %	13.55 %	20.89 %
Return On Equity (TTM)	54.22 %	54.33 %	55.05 %	53.06 %	52.53 %
Total Ranking	# 21	# 21	# 20	# 23	# 22

TJX's 5 Year Stock Prices



Predictions

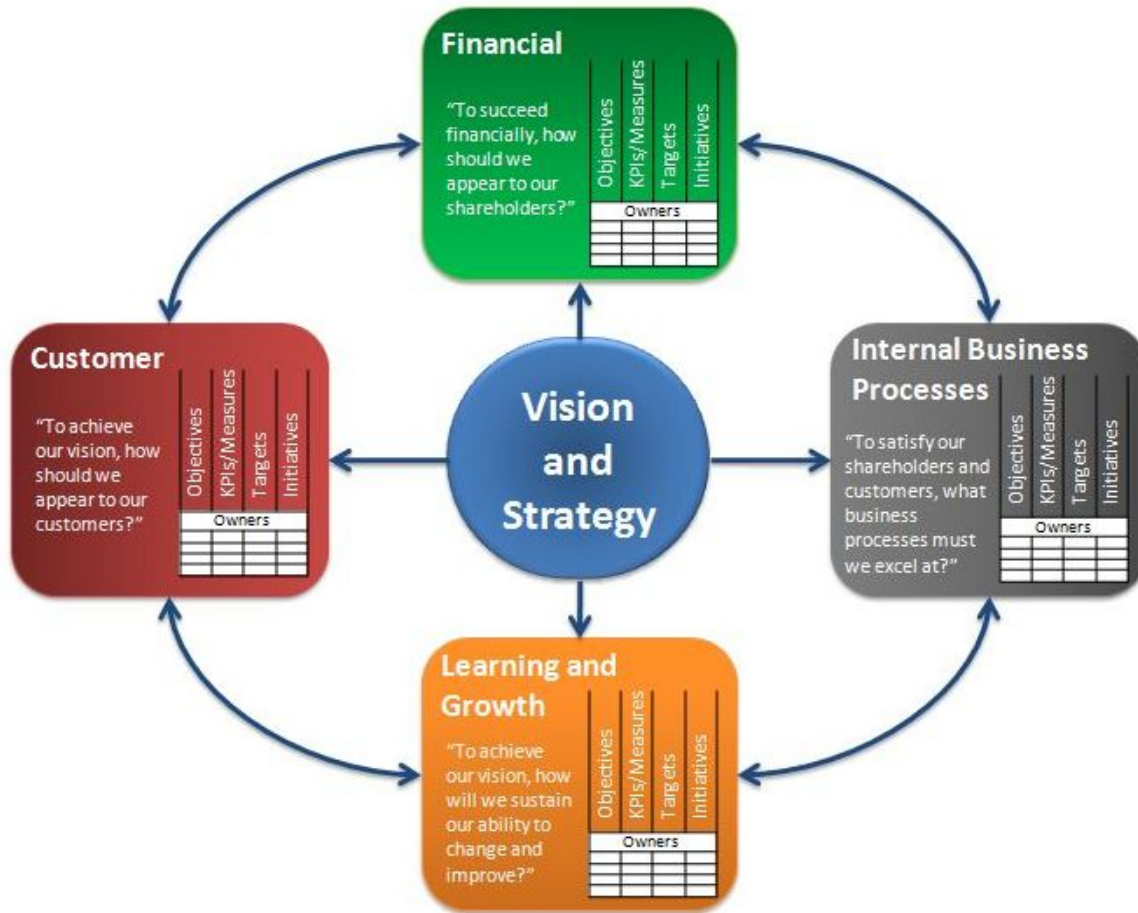
Valuation Measures	
Market Cap (intraday) ⁵ :	45.66B
Enterprise Value (Nov 23, 2013) ³ :	44.83B
Trailing P/E (ttm, intraday):	21.28
Forward P/E (fye Feb 2, 2015) ¹ :	19.34
PEG Ratio (5 yr expected) ¹ :	1.95
Price/Sales (ttm):	1.69
Price/Book (mrq):	11.24
Enterprise Value/Revenue (ttm) ³ :	1.64
Enterprise Value/EBITDA (ttm) ⁶ :	11.42

New Metrics

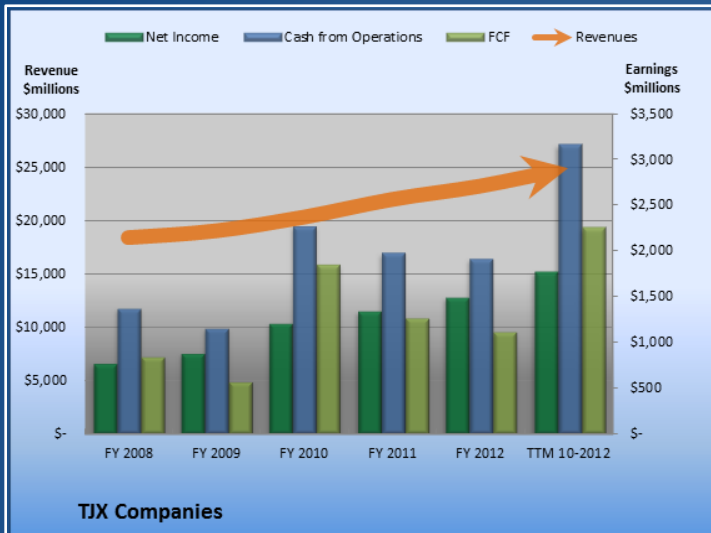
- Customer satisfaction
- Customer profitability
- Customer lifetime value

These new metrics will be able to be measured relatively easily with the implementation of MyMarshalls, which creates user profiles.

Balanced Scorecard



Dash Board



Detailed Analyst Recommendation



Consensus Recommendation



Earnings Growth(2014)

Earning Growth (2014/01)



Annual Income Statement (values in 000's)		Get Quarterly Data			
Period Ending:	Trend	2/2/2013	1/28/2012	1/29/2011	1/30/2010
Total Revenue		\$25,878,372	\$23,191,455	\$21,942,193	\$20,288,444
Cost of Revenue		\$18,521,400	\$16,854,249	\$16,040,461	\$14,968,429
Gross Profit		\$7,356,972	\$6,337,206	\$5,901,732	\$5,320,015



Issues

- Government regulation and policies
- Technology environment
- Macroeconomic environment
- Social environment
- Demographic environment
- Complementors

Recommendations

- Implement MyMarshalls
 - Create an online shopping option for customers where they can browse current products and make purchases.
 - Create an app to allow customers to shop on the go and from the luxury of their own home.
 - Introduce a loyalty program with points

The Marshalls logo is centered within a white rectangular box. The word "Marshalls" is written in a bold, blue, sans-serif font. The letter 'M' is stylized with a diagonal slash through its left vertical stroke. A registered trademark symbol (®) is located at the end of the word.

Marshalls®

Never pay full price for fabulous.