



Achieving business results at Gap Inc.



"The FLC program was great. In my store visits over the past month, I constantly heard from each store manager on their action plan to drive their business derived from the simulation."

– (EVP, Gap Brand)

Client need

Facing a highly competitive fashion apparel retail market, Gap Inc. struggled to deliver a consistent product and customer experience. Aggressive cost management measures helped the retail company increase earnings, despite declining traffic and sales; however, Gap continued to lose market share and revenues as customer loyalty declined. After failing to meet analyst expectations for 24 consecutive quarters, the financial crisis hit the marketplace and Gap found itself having to redefine its strategy once again.

Gap management believed the key to future success had to begin at the storefront where customers experience the brand every day. With a new focus on driving top-line sales and empowering the field, Gap needed a solution to better equip store General Managers and District Managers for the transition.

To address this need, Gap Inc. partnered with BTS to develop a program that would align the field and build a stronger understanding of how to pull levers to develop people, improve customer experience and drive profitability.

BTS approach: a highly customized development

BTS developed two highly experiential scenario-based solutions designed to model a Gap store for General Managers and a sales district for District Managers.

BTS created a fully customized workshop for General Managers and District Managers. Interviews with key executives as well as BTS' own research and expertise provided the information necessary to develop the one-day program. In the simulation, teams of six or seven would experience first-hand the impact their decisions had on revenues, costs, customer experience, and employee capability, and how they could make a positive contribution to the organization's overall strategy.

"I feel more confident making the decisions that reflect my store, really having the power to own my business."

– (General Manager, Gap Store)

The general manager simulation

The board simulation puts teams of participants in charge of a struggling retail store. Teams must balance the short-term and long-term priorities of their stores in order to build employee capability, increase customer experience and maximize store earnings.

Just like in the real-world, General Managers know that events do not always go as planned. In the simulation, teams are challenged to react to unexpected events along the way, and "firefight" small crises that force them to re-evaluate their initial goals and strategies based on the current status at their store. Once they have made a management decision to address the problem, participants experience the impact of their decision through changes to their key sales performance indicators, which then directly impact the income statement. In turn, seeing the direct ramifications of each decision provides a direct link to the real-world impact their decisions have on the financial and operational results at both the store and brand level.

Key issues addressed in the solution include:

- Align to field priorities by gaining a deeper understanding of how to pull different store levers to develop people, improve the customer experience and drive profitability
- Improve both short-term and long-term decision-making through effective planning and prioritizing
- Foster an "entrepreneurial" mindset to empower General Managers to own their store and its performance

The district manager simulation

The board simulation puts teams of participants in charge of a district responsible for nine Gap stores. Teams must balance short-term and long-term priorities in order to build General Manager capabilities, increase customer experience and maximize district earnings.

Teams must react to unexpected events along the way, which force them to re-evaluate their initial goals and strategies. Participants experience the impact of their decisions through indicators that measure the capabilities of their General Managers, which directly impact their respective store results. In turn, seeing the direct ramifications of each decision provides a direct link to the real-world impact their decisions have on the financials and operational results at both the store and Brand level.

Key issues addressed in the solution include:

- Align to field priorities by gaining a deeper understanding of how to pull different store levers to develop people, improve the customer experience and drive profitability
- Improve both short-term and long-term decision-making through effective planning and prioritizing
- Develop capability of District Managers to analyze, filter and prioritize information to effectively drive consistent performance across all stores

Business simulation leads to immediate results

More than 1,300 Gap Managers experienced the customized solution at Gap's Field Leadership Conference. The BTS solution enabled participants to gain first-hand experience of the company's field strategy and the decisions they make to drive store earnings and the performance of the Brand.

"Everything really has a ripple effect. The decisions we make daily have the same effect. I knew they did, but to see them in action on a board game in a fun environment made it hit home a bit harder."

– (General Manager, Gap Store)

Executive leaders have noted an immediate difference in the types of decisions made at the field level.

Client testimonials

"As a result, I will continue to focus on coaching and developing my leadership teams to think outside the box and be able to step back, observe and provide solutions everyday to changing conditions which will drive volume and customer satisfaction." (General Manager, Gap Store)

"As a leader, it is important to focus on behaviors and actions that drive specific parts of your business. The bottom line is what counts and you can impact that in so many ways." (District Manager, Gap Stores)

"Every decision that we make as leaders in our store affects KPIs and ultimately the profitability of our business. Long-term planning is crucial to growing the business and increasing profitability." (General Manager, Gap Store)

About BTS

BTS focuses on the people side of strategy, working with leaders at all levels to help them make better decisions, convert those decisions to actions and deliver results. At our core, we believe people learn best by doing. For 30 years, we've been designing fun, powerful experiences™ that have profound and lasting impact on people and their careers. We inspire new ways of thinking, build critical capabilities and unleash business success. It's strategy made personal.

For more information, please visit www.bts.com.

