



Overview

The need

DXL wanted to help its customers – big and tall men, who are poorly served by most retailers – see clothes shopping as a pleasure, not a chore. Boosting customer service levels was the key.

The solution

By developing a sophisticated, cloud-based compensation modeling solution, DXL has motivated its sales associates to spend more time helping customers choose clothes that fit their looks and lifestyle, not just their body shape.

The benefit

Better customer service increases loyalty. Ticket-level incentives drive top-line sales. Greater visibility gives sales associates confidence. Reliable, auditable solution simplifies compliance and cuts HR and payroll workload.

Destination XL Group, Inc.

Big improvements in customer service are no tall order with analytics-powered compensation management

Imagine you are a man who stands 6' 8" tall and weighs 300 lbs. There are many places where being big and tall can be an advantage, but a clothing store isn't one of them. In most stores, you might only be able to find a few items that fit your body type – let alone match your lifestyle or appeal to your fashion sense.

As a big and tall men's apparel specialist, Destination XL Group wanted to transform its business by opening a range of new stores that would not only provide guests with the choice of products they deserve, but also offer a friendly, supportive environment that would encourage them to feel more positive about clothes shopping.

DXL realized that compensation management was the key. To motivate its 1,800 sales associates to spend time tailoring the shopping experience to each guest, it needed to offer highly sophisticated incentives, calculated by analyzing transactions down to the level of individual items on each sales ticket.

The solution was IBM® Incentive Compensation Management, a component of the IBM Watson™ Foundations platform, deployed in the cloud. The results included: increased units sold per transaction (which has a direct correlation to driving top-line sales); sales associates being rewarded for selling behaviors that are important to

For DXL, compensation management is not just about sales – it's about fostering a culture of unparalleled service. "Our guests are men who may never have had a positive experience in a clothing store before. Our compensation solution motivates our sales associates to give guests the support they need," says Stacey Jones, Vice President HR Operations, Destination XL Group



Solution components

Software

- IBM® Incentive Compensation Management
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“Sophisticated compensation plans are the key to driving both customer service and sales.”

— Stacey Jones, Vice President HR Operations, Destination XL Group

the company’s guests and its bottom line; reduced administrative work for the HR and payroll teams; more transparency and accuracy with respect to sales associates’ incentive pay; and ultimately, happier, more loyal guests.

Setting the scene for business transformation

In the fall of 2010, the company, then known as Casual Male Retail Group, opened four larger-format stores under a new brand name: Destination XL. The runaway success of these stores led the company to decide to reorganize and rebrand its entire business. Now known as Destination XL Group, Inc. (DXL), the company is transitioning to a new brand of DXL stores, with an aim of having up to 230 locations open by the end of 2015.

Stacey Jones, Vice President HR Operations at DXL, explains the reasoning behind the strategy: “Since the launch of our first four stores, we saw that the larger format offered guests more choice, and the higher-level skill set of the staff made them more comfortable with the whole shopping experience.

“Big and tall men usually don’t have a lot of options when they visit a clothing store; they often end up just purchasing whatever fits them. When they come into our stores and see such a wide range of items, it might be the first time they’ve ever had the opportunity to select an outfit or find a look that really suits them.

“This is where guest service becomes important: we need our sales teams to spend time with each guest, helping them find items that they really love, and turning their perception of clothes shopping from an unsatisfying chore into an activity that they actually enjoy.”

Need for enhanced compensation management

In order to encourage its sales associates to spend the extra time required to help guests match an outfit or purchase a tailored garment, DXL needed to transform the way in which it handled associates’ compensation – moving to a much more incentive-based pay model that would reward very specific types of selling behavior.

Alan Teixeira, Vice President Human Resources, Compensation & Benefits, comments: “We used to use spreadsheets to calculate sales associates’ compensation, but our transition to the Destination XL brand meant we needed a far more sophisticated approach. We wanted to look more closely at our 1,800 sales associates’ compensation, going beyond the transaction level and looking at the combinations of items sold on a single sales ticket.”

“The model allows us to acknowledge the fact that some sales take more time and more skill than others, and to make sure that our sales associates are rewarded accordingly. Ultimately, it’s about giving our guests a shopping experience that makes them feel good about themselves.”

— Alan Teixeira, Vice President Human Resources, Compensation & Benefits, Destination XL Group

Simple, cloud-based delivery

DXL created a strong business case for adopting a new compensation management solution. Following a full RFP process, DXL selected IBM Incentive Compensation Management, and implemented the software within just four months.

“The IBM solution can either be deployed on-premise or in the cloud,” comments Stacey Jones. “Choosing the cloud option really helped us get up and running quickly, without having to engage our IT team to help with implementation or ongoing maintenance.”

Sophisticated compensation models drive customer service

The new solution enables DXL to reward sales associates who go the extra mile in delivering excellent guest service.

For example, it analyzes sales tickets to identify sales associates whose guests have purchased a “shoulder garment” (a category that includes sport coats and suits from DXL’s tailoring range) and three other items. This particular combination implies not only that the sales associate has done a good job of cross-selling, but also that they have spent time helping their guest choose a whole outfit. As a result, it earns the sales associate an extra 2.5 percent commission on the sale.

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Transparency gives sellers confidence

The solution has advantages for sales associates, too. In the past, they had no clear visibility as to how their compensation was calculated, or whether the figures were accurate. Now, they can see all the sales they made in the previous week, and exactly what levels of commission they have earned on each one.

The model even takes into account complex situations, such as when a sale is made at one store, but the item is subsequently returned at another; this shows the sales associates exactly what happened and how their compensation has been affected.

“Having a clear view of how the calculations work gives our sales associates a lot of confidence in the process, and motivates them to focus on their core skills,” comments Stacey Jones. “The feedback we’re getting from them has been very positive, and the workload for our helpdesk has been reduced significantly.”

Finally, the solution provides a full audit trail of any disputes and resolutions, and allows DXL to adjust for differences in state laws on minimum wages and overtime – ensuring that all employees are paid fairly and in compliance with the law.

Looking to the future

As the company opens more of its transformational DXL stores and moves its staff over to the new incentive plan, the solution enables “what if” analyses to predict how the total level of compensation will change. This also helps staff understand how their selling behaviors will need to evolve in order to fit the culture of the new stores.

“We now have a platform that allows us to focus on plan design and optimization, rather than number-crunching and corrections,” says Alan Teixeira. “We’re continually re-calibrating our plans to help our associates focus on serving our guests and driving top-line sales.”

Stacey Jones concludes: “Above all, this is about providing an unparalleled guest experience. If we can help our big and tall guests feel good about how they look, that’s not only a great way to increase loyalty and grow our market share – it can also transform the way they see themselves and make them more comfortable and confident in other aspects of their lives.”

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