EPM CASE STUDY · RETAIL · SUPPLY CHAIN

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# Target Canada

*A national retail launch measured by stores opened, not by profitable products on shelves*

CANADA

ENTRY 2013 · **EXIT 2015**

133 stores · ~17,600 staff

*Target measured success by stores opened on time.* **EPM would have measured profitable product availability**, *and shown that accurate item data, inventory visibility and shelf availability were the assets the whole expansion depended on.*

## 01 What Happened, and the Deeper Failure Beneath It

### WHAT THE RECORD SHOWS

Target entered Canada through rapid expansion, opening 133 stores. In January 2015 it announced no realistic scenario reached profitability before at least 2021, and began a court-supervised wind-down affecting ~17,600 employees. Its CEO referred to **early missteps too difficult to overcome**.

WIDELY CITED CAUSES

Aggressive store-opening plans; immature, insufficiently tested supply-chain capability; product and inventory-data problems; disconnects between distribution centres and stores; empty shelves despite stock elsewhere; insufficient operating readiness; and customer disappointment over availability and value.

### THE DEEPER ECONOMIC-PROCESS FAILURE

Target Canada was governed as an **ERP and store-opening programme**. The real economic process was: *convert Canadian customer demand into correctly ranged, priced and available products on shelves, and capture profitable sales and customer trust.*

Decisions on market entry, leases, systems, distribution, data, staffing, pricing and opening pace were not governed against one shared economic profile of that process.

**Each function could hit its own milestone while the vendor-to-shelf process, the thing that actually produced value, failed.**

## 02 Decompose — The Vendor-to-Shelf Process

### Information

- product master data
- unit & measurement data
- price & promotion data
- vendor records
- distribution capacity
- inventory position
- forecasts & replenishment signals
- shelf availability
- customer demand
- exception & override data

### Actions

- range products
- onboard vendors
- create item data
- forecast demand
- order & receive stock
- allocate inventory
- replenish stores
- fill shelves
- set & verify price
- override alerts
- escalate exceptions

### Systems

- ERP
- warehouse & distribution
- forecasting
- replenishment
- point of sale
- price management
- reporting & exceptions

### People

- merchants
- supply-chain specialists
- data teams
- vendor personnel
- distribution-centre staff
- store managers
- replenishment teams
- launch decision-makers
- customers

**What this exposes:** a functioning ERP does not create value if item data, inventory visibility, replenishment or shelf availability fail. Value lived in the whole chain from demand to shelf, not in any single system.

## 03 Attribute — Where the Economic Value Actually Sat

| PROCESS COMPONENT | ECONOMIC VALUE EPM WOULD ATTRIBUTE |
|---|---|
| Accurate item & inventory data | **Very high information value**: the foundation the entire replenishment chain depends on. |
| Shelf availability | **The value outcome itself**: the point where demand becomes profitable sales or is lost. |
| Demand & replenishment signals | **High information value**: trusted signals prevent both empty shelves and dead stock. |
| Store exception reporting | **High information & risk value**: the early warning of structural failure, if it reaches decision-makers. |
| Ability to pilot, pause or alter | **High option value**: the freedom to stop before committing at national scale. |
| Store-opening speed | Earlier revenue opportunity, **but risk and option-value loss** if it forces commitment before the process is stable. |

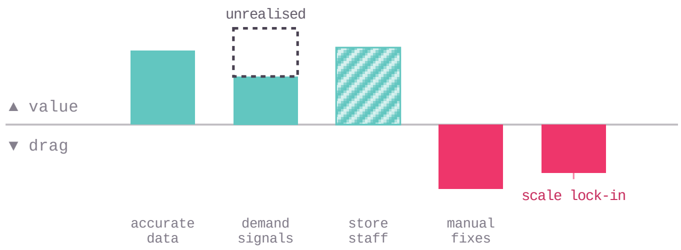
**Why this matters:** scored this way, "open on time" stops being the goal. The trade-off between schedule speed and an unstable end-to-end process becomes explicit, rather than letting the opening date dominate every decision.

# From value profile to *the decisions it would have changed*

## 04 Diagnose — The Patterns EPM Would Have Surfaced

THE ECONOMIC VALUE PROFILE OF THE VENDOR-TO-SHELF PROCESS

ILLUSTRATIVE · RELATIVE VALUE, NOT DOLLAR FIGURES




Scored across the value lenses, the process shows where value concentrated and where it leaked. The profile is a **ledger, not a store count**: it makes the economic weight of data, availability and optionality visible *before* the next tranche of stores is committed.

**VALUE-DEFINITION GAP**

Measuring **store openings** rather than profitable product availability and customer experience.

**RISK CONCENTRATION**

Large-scale openings dependent on an **immature end-to-end process**.

**MISALIGNED PEOPLE**

**Store staff compensating manually** for system and information deficiencies.

**UNREALISED VALUE**

Override, exception and stock-out information **not reaching those able to fix root causes**.

**OPTION-VALUE DESTRUCTION**

Store and supply-chain commitments **removing the ability to pause, pilot or change**.

**LOCAL OPTIMISATION**

Functions hitting their own milestones **while the vendor-to-shelf process failed**.

## 05 Redesign — The Decisions That Visibility Would Have Enabled

### RESEQUENCE

Prove replenishment and inventory visibility in a small environment, and open stores only after end-to-end value thresholds were met.

### AMPLIFY

Give experienced supply-chain judgement and store-level exception information real weight in launch governance.

### SUBSTITUTE

Replace store-opening counts with shelf availability, price accuracy and process economics as the decision measures.

### ELIMINATE

Prevent store launch where data quality, inventory visibility or replenishment thresholds were not met.

## 06 What's In It For the Executive

**IF YOU'RE THE CEO**

*"We were counting stores. EPM asks what those stores were producing: were products actually on shelves at a profit? That is the number the expansion should have been gated on."*

**IF YOU'RE THE CFO**

*"The capital case assumed the supply chain worked. EPM would have priced the option to pause, and shown that scaling an unproven vendor-to-shelf process was destroying more value than early revenue created."*

**THE CREDIBLE ALTERNATIVE OUTCOME**

Not a guarantee that Target succeeds in Canada. Rather, that a **smaller, staged launch** would have followed, with expansion contingent on proven vendor-to-shelf economics, data quality and customer response. Fewer stores initially, slower capital commitment, earlier visibility of an uncompetitive proposition, and a preserved option to change the model or exit at lower cost. EPM might still have supported entry, or shown the proposed scale and timing destroyed more value than they created.

*EPM retrospective interpretation. Target's exit and financial statements are drawn from official corporate and court sources; the failure causes are widely reported secondary accounts, and the EPM value profile, attribution, diagnoses and alternative decisions are an analytical interpretation applied after the fact, not established by a single public inquiry. EPM does not guarantee success. It changes the decisions made about a process before technology, people, data, contracts and deadlines are committed. Primary sources: Target Corporation SEC filing & CCAA announcements (2015); court-monitor archive.*