


# Destination XL Group, Inc.



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

## Business challenge

Destination XL (DXL) Group 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 key and DXL needed a sales performance management platform to support their efforts.

## Transformation

Using Varicent Sales Performance Management to develop a sophisticated, cloud-based compensation modeling solution, DXL motivated their sales associates to spend more time helping customers choose apparel that fit customers' looks and lifestyle, not just their body shape.

## Results

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### Increased units sold

per transaction which has a direct correlation to driving top-line sales

### Reliable, auditable

solution simplifies compliance and cuts HR and payroll workload

### Greater visibility

and accuracy to incentive pay, thereby boosting sales associates' confidence

# Business Challenge Story

## Tailoring the shopping experience

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.



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

# Transformation Story

## 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, opening over 200 locations across the United States, Canada and London, England.

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.”

## Simple, cloud-based delivery

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

“The Varicent 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.”

# Results Story

## 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 that the sales associate has done a good job of cross-selling and spent time helping the guest choose a whole outfit. As a result, it earns the sales associate an extra 2.5% commission on the sale.

“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,” says Alan Teixeira. “Ultimately, it’s about giving our guests a shopping experience that makes them feel good about themselves.”

## 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.



# Results Story

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

# About Destination XL Group

Headquartered in Canton, Massachusetts, Destination XL (DXL) Men's Apparel proudly offers the most extensive assortments of XL menswear and shoes around. From value-priced labels to high-end designer brands, the company caters to an extensive audience of big and tall sizes, plus shoes in extended sizes and widths. DXL has over 200 store locations, complete with in-house style experts and expert tailoring and an online shop. DXL is listed on the NASDAQ Global Market under the symbol, "DXLG" and operates through five trade names: DXL, Rochester Clothing, Casual Male XL, Shoes XL, and Living XL.

The logo for DXL Group features the letters "DXL" in a large, bold, black sans-serif font. Below "DXL", the word "GROUP" is written in a smaller, black, spaced-out sans-serif font, with each letter separated by a wide gap.

# About Varicent™

Varicent helps clients accurately track, manage, and report on sales processes through the industry-leading Sales Performance Management (SPM) solution. Established in 2005, Varicent innovated the SPM software industry by developing business tools for Incentive Compensation, Territory, Quota, and Channel Management. With Varicent's augmented intelligence-powered platform, customers realize bottom-line efficiencies and top-line results through sales dashboards and models for better decision making at all levels of the business.

## For more information

To learn more about Varicent, contact your Varicent sales representative or visit [www.varicent.com](http://www.varicent.com)

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