

# Performance Blueprints for Store Operations and Development



**PLAN FOR A  
BETTER STORE-LEVEL  
CUSTOMER EXPERIENCE**

**COGNOS®**

**THE NEXT LEVEL OF PERFORMANCE™**

In the highly competitive retail industry, businesses must be able to respond effectively to consumer demands and drive up sales. Nowhere is this more critical than at the storefront, the customer-facing part of the business where all of an organization's planning and preparation come into play. After the hard work and contributions of everyone up and down the line—from corporate to the field—in the end, it comes down to the customer shopping experience.

Ineffective planning creates a disconnect between store operations and corporate-level plans for market share, growth, and customer satisfaction. This can result in lower margins, reduced sales, and a less satisfying consumer experience.

To help retailers steer the right course and drive better store performance, Cognos offers two Performance Blueprints for business modeling, budgeting, planning, and forecasting: Store Operations (P&L) and Store Development.

### **An ineffective process**

In most retail organizations, planning cycles are long and tedious. What often develops is silo-based planning, where each area (finance, operations, merchandising, marketing) completes its own bottom-up planning.

These plans don't often support company strategic initiatives or tie into a single set of financial targets, which results in misalignment between corporate strategy and field execution. Departments, divisions, regions, and channels can also be disconnected; and consolidation of plans is a time-consuming and error-prone process.

With so much effort spent on process and so little spent on analysis, it's difficult to keep pace with changing consumer needs, trends, and shifts in the marketplace. Businesses can lose out on potential profits if they are unable to react rapidly to changing conditions and plan for likely outcomes.

### **Ineffective technology makes things worse**

Most planning, budgeting, and forecasting solutions are designed to project annual revenues and expenditures, not provide the more frequent insight needed to make strategic decisions or implement company-wide initiatives.

*“Aside from the obvious productivity improvements to be realized from using Cognos Planning; the real value lies in the alignment, integration and measurement of store level plans and actions with overall company-wide objectives. The ability to track store level initiatives and evaluate their impact upon overall results allows management to dynamically adjust tactics in response to opportunities or threats in the marketplace. This capability goes far beyond even the most ambitious spreadsheet based planning model.”*

– David A.J.Axson, President of The Sonax Group “an Advisor to the Cognos Innovation Center”

- *Spreadsheets* create islands of financial and planning data, where each contributor works independently. They are slow, disconnected, and error prone.
- *ERP or general ledger solutions* are not designed for sophisticated enterprise planning and budgeting.
- *Off-the shelf solutions* may offer broad generic functionality, but they don't address the unique financial management needs of the retail business.

For data collection and roll-up, typical solutions can be cumbersome. When you need to do complex modeling—such as what-if scenarios—most ERP, planning and budgeting systems, and spreadsheets can grind to a halt.

### **The Cognos performance management solution**

Cognos Performance Blueprints provide a pre-built performance management framework—including planning, metrics, and reporting—that allows retailers to plan for a better store-level customer experience and drive sales and margins.

Based on retail-industry best practices, the Blueprints extend the planning process beyond corporate finance to operations, marketing, and merchandising—to manage to a single set of financial objectives and business goals.

Cognos Performance Blueprints are comprised of Cognos enterprise planning and business intelligence. Cognos 8 Planning is a Web-based, high-participation solution for modeling, planning, budgeting, and forecasting. It lets management define the process, models, and content required, and then distribute pre-populated, Web-based templates to data contributors across all company departments. Contributors supply required information, leveraging views that are specific to their job area. Cognos 8 Planning

helps retailers achieve consistent operating performance through highly collaborative, real-time planning.

By integrating with Cognos 8 Business Intelligence capabilities, the Blueprints give users the power to publish reports and conduct analyses based on critical information such as past operational effectiveness, development costs, and projected revenue lift.

Using the Web, Cognos 8 Planning collects more information from more people more often. Up-to-date intelligence is available when it's needed, allowing more time for analysis and better-informed decision-making.

### **MORE RETAIL PERFORMANCE BLUEPRINTS**

Cognos also provides other Performance Blueprints to help retailers align strategy with execution and drive better performance:

- *Promotion Planning Blueprint.* Empowers managers and executives across the chain to model multiple scenarios, then analyze and evaluate the success of their promotions. This enables more efficient use of company and trade dollars to drive higher returns.
- *Financial Merchandise Planning Blueprint.* Enables chains to improve top-down, bottom-up planning for merchandise sales, margin, gross profit, and stock by division, channel, department, or category. This helps retail managers and executives meet sales objectives and profitability goals.

For more information, visit:  
[www.cognos.com/solutions/retail](http://www.cognos.com/solutions/retail)

## Store Operations (P&L)

The Store Operations (P&L) Planning Blueprint allows retailers to complete store-level revenue and expense planning to ensure that store plans are in line with corporate targets. The Blueprint provides simplified and streamlined planning and forecasting functionality:

- Driver-based planning for key revenue and expense lines allows organizations to identify and manage store attributes—store type, format, size, opening dates—and provide recommended standards for key controllable expenses such as labor and staffing.
- Profile-driven controllable expense and revenue planning lets organizations input standards so expenses, such as credit card processing fees, are automatically calculated based on sales and company-negotiated costs. Retailers can build in impact on revenues, staffing, and associated expenses for seasonality, based on profiles and history to reduce time spent on calculations and to focus on executing initiatives and improving performance.
- Initiative planning functionality allows retailers to assess and plan for the store-level impact of initiatives—such as remodels, adding new departments, and conducting promotional programs or limited time offers.
- Integrated workflow automatically manages and consolidates plans. It provides a visual scorecard for managers to easily determine the status of the planning process so action can be taken to complete the work. Workflow capabilities facilitate “Voice of the Store” collaboration and accountability throughout the organization, and allow chains to deploy planning at whatever level makes sense (i.e., region, district, or store).
- Exempt and non-exempt headcount position-level planning; as well as revenue, store type/size driven headcount planning models based on store profiles and baseline standards.
- Break-back ability to automatically pro-rate revenue, margins, or costs to meet goals simplifies planning updates and identifying impact on key metrics.

- What-if modeling allows managers to model the financial impact of business decisions for multiple scenarios to determine the best approach.
- Metrics summarization and linkage to scorecards allows retailers to measure key revenue, margin, and expense performance indicators for operations—by division, region, store, department, and account.
- Managers can publish reports and conduct analysis based on information such as store attributes, capital investments in stores, sales, gross margins, item movement, labor cost, controllable expenses, and shopping patterns.

The rapid consolidation of store-level plans reduces planning cycles and allows chains to move to rolling forecasts that better suit the dynamic nature of the retail industry. Timely re-forecasting also allows retailers to adjust to external factors, such as business disruptions, consumer demand, competition, or economic changes.

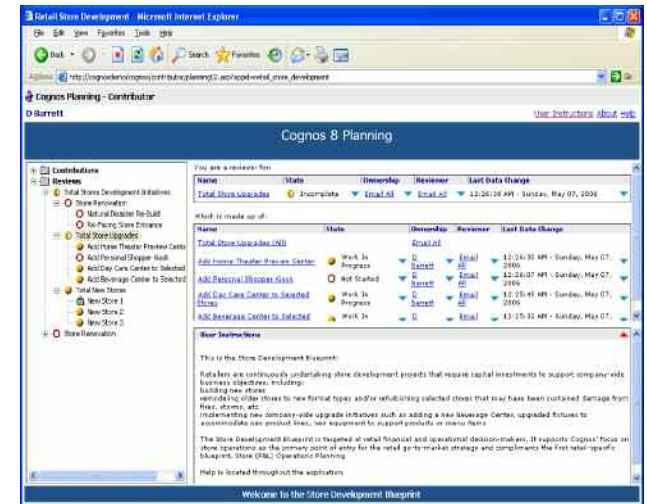
## Store Development

To optimize investments, retail organizations need to be able to model and quantify the financial impact of store development initiatives—to determine which projects will deliver the highest business benefits, provide the best return, and support key corporate objectives.

The Store Development Planning Blueprint allows retailers to plan initiatives by selecting required resources, determining project expenses, and forecasting capital expenditures. It also lets them model and forecast returns for projects based on internal risk standards.

The Blueprint provides simplified, storewide planning and forecasting functionality:

- Financial planning of the revenue impact, ROI, and costs associated with store development projects including: new store construction, remodels, and upgrades such as adding fixtures, equipment, departments, or services.
- Initiatives can be applied to regions, stores, or groups of stores. Allocation of revenue impact to stores is by week or based on a comparative percentage of prior-year revenue.



*Integrated workflow provides a visual scorecard for managers to track and manage the planning process.*

- Chains can do what-if analysis for store development scenarios. This includes determining how many new stores to open, when and which stores to remodel, and what types of upgrade programs to implement. Planners can also model the financial impact of multiple scenarios to determine payback period and net present value.
- Managing and classifying line items as capital purchases or expense items simplifies the planning process by allowing planners to define items and not worry about their financial treatment.
- Integrated workflow drives collaboration and streamlines the approval and monitoring process. Alerts deliver information to stakeholders when stores are impacted by new development initiatives.
- High participation drives accountability and visibility. Store development staff can input or update plans while working on-site or with suppliers and contractors.
- Through scorecards and reports, users can measure and communicate the impact of development projects such as revenue and expenses by store, region, initiative, and type.



Through integration with the Store Operations (P&L) Blueprint, approved development initiatives and timelines are communicated to the field so managers can plan for operational impact. For example, during a remodel, sales would likely decrease, so staffing can be adjusted accordingly. Store operations integration also ensures corporate P&L and budgets are updated based on initiative results.

### Drive performance through planning, analysis, and reporting

Cognos Performance Blueprints use a sophisticated, bi-directional calculation engine to manipulate and analyze data. They use the Web to accelerate and take the pain out of data collection and performance measurement, and makes it easier to do what's most important—drive sales and margins. And Performance Blueprints provide access to powerful reporting and administration tools designed for finance personnel and for all levels of operations.

### PLANNING PREREQUISITES

**Scalability.** Cognos Performance Blueprints fit retailers of any size or format. The Web-based design and attention to bandwidth economy make for an easy roll-out to marketers, merchants, and buyers throughout the enterprise.

**Flexibility.** A company shouldn't change its structure to fit an off-the-shelf system. Performance Blueprints are flexible enough to fit any business. Companies of all sizes use Cognos solutions for planning, business intelligence, scorecards, and dashboards.

**Compatibility.** Performance Blueprints capitalize on existing technology investments and extend the value of in-place transactional systems. They also share information with other solutions, such as financials, and readily accommodate future growth.

**Web-based planning.** Cognos 8 Planning helps companies model, plan, analyze, manage, and control retail resources efficiently and cost-effectively.

**Easy data access and manipulation.** The centralized database and powerful calculation engine in Cognos 8 Planning are designed to support rigorous analysis, consolidating multiple data sources—including point-of-sale and financial data—into one environment and providing users with the information they need to optimize planning and operations.

**Powerful reporting and analysis.** Cognos 8 Planning offers visibility to operations and development activities and seamless access to data from multiple sources, facilitating reporting, analysis, and scorecarding to monitor vendor compliance, financial performance, and to improve decision-making.

**High IT value.** At the back end, Cognos 8 Planning uses common technology standards. At the front end, its network-friendly architecture minimizes network traffic, while its choice of Web or Excel interface means easy deployment and maintenance with minimal end-user training.

### About Cognos

Cognos is a recognized leader in delivering business intelligence and performance management solutions for the retail industry. In fact, 30 percent of the world's top 250 retailers, and over 325 retail chains worldwide, are already Cognos customers.

Cognos brings together technology, analytical applications, best practices, and a broad network of partners to give customers a complete performance system. The Cognos performance system is an open and adaptive solution that

leverages an organization's ERP, packaged applications, and database investments. It gives customers the ability to answer the questions—How are we doing? Why are we on or off track? What should we do about it?—and enables them to understand and monitor current performance while planning future business strategies.

Cognos serves more than 23,000 customers in more than 135 countries, and its top 100 enterprise customers consistently outperform market indexes. Cognos performance management solutions and services are also available from more than 3,000 worldwide partners and resellers.