



Regional Department Store Chain Supports Strategic Goals and Privatization Process with Hyperion Suite and Palladium's Pace™ for Financial Planning



This retailer operates more than 380 small department stores in about 20 states, mainly in strip malls in the southeastern and midwestern US, in addition to an online commerce site. The stores sell clothes, shoes, accessories, and gift items for the whole family. The company features merchandise from popular brand names, as well as its own labels, which account for about a third of sales. After a leveraged buyout, this organization was taken private by two equity firms in early 2006.

Situation

This regional retailer was managing their budget and forecast process using Hyperion Pillar and a set of Excel spreadsheets. The systems and processes were not efficient and created problems related to management, ownership, and accountability of the overall planning, budgeting and forecasting processes. Specific issues with the current environment included:

- Data Issues
 - Key data exists, but not accessible or known to those who need it
 - Availability—some data was missing
 - Data coming from multiple sources instead of a central source
 - Inconsistencies exist in the data and in reporting
- Duplicate / Manual Efforts
 - Excessive manual keying & re-keying efforts
 - Insufficient analysis, not all necessary reports generated
- Data / System Flexibility
 - Key attributes missing, both statistical and business
 - Reporting difficulties—could not generate reports in the way users needed them
- Data Inter-Dependencies
 - Inability to share KEY data easily between departments—information silos
 - Critical data being manually gathered, sometimes more than once—no repository to share the data
- De-Centralized Systems / Data Bases
 - Excel / Access – locally managed on user desktops
 - Individual meta-data Repositories – each user defined their own attributes and rules

Key Project Statistics

Time to Implement: 2 Months to develop a Financial Reporting, Planning & Forecasting roadmap with Requirements, 3 months to implement Phase I

Phase I: Financial Reporting, Cash Forecast and Annual Plan

Database Technologies: Hyperion Essbase and Hyperion Planning

Benefits:

- Improved productivity of Financial Analyst
- Improved visibility into financial trends
- Improved processes to better forecast overall cash flow and profitability

Phase II: Store budgeting using Pace

Faced with an impending privatization, and needing information access for due diligence reporting to banks and prospective owners, it became apparent that both systems and processes would need to be improved in a very short time. After a tools evaluation, the company decided to move forward with the implementation of a Hyperion and Palladium Pace solution to replace their Excel spreadsheets. Once Palladium Pace's integration with Hyperion's Planning and Essbase was demonstrated, it became apparent that users could have everything they wanted: an Excel-like environment for analysts, simple web forms for corporate department contributors, and robust analysis and reporting all on an industrial strength database platform.

Solution

The retailer chose to partner with Palladium due to a demonstrated understanding of the business needs and the formulation of a solution that allowed them to continue to leverage their Excel environment through the Pace technology. The success of this solution depended largely upon work done initially to identify process opportunities. For two weeks, extensive interviews were conducted with more than 45 people in over a dozen departments involved in the financial planning, forecasting, and analysis processes. This enabled the team to appropriately identify and prioritize the projects. The Hyperion Suite was leveraged for decentralized planning activities, and Palladium's Pace solution was leveraged for centralized planning functions such as Store Sales, Labor, and Expense planning. The project has been rolled out in the following phases:

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| Phase I <ul style="list-style-type: none">• Cash Forecasting• Dashboards• Reporting; Phase I<ul style="list-style-type: none">– Cash Flow– Balance Sheet– Board Package• Automation Feeds | Phase II <ul style="list-style-type: none">• Consolidations• Annual Planning• Annual Forecasting• Store Expense |
| Phase III <ul style="list-style-type: none">• Workforce Planning | Phase IV <ul style="list-style-type: none">• Daily Store Sales<ul style="list-style-type: none">– Planning |

Benefits

The goal for the initial implementation was to deliver the forecast so that analysis and re-forecasting could be accomplished quickly for potential investors. The project achieved this goal and its defined objectives, realizing the following benefits:

- System now provides Balance Sheet, Income Statement and Cash Flows output (full Financial Statements, not just revenue and payroll planning)
- Users have "What-if" capabilities specifically focused on income statement and dividend impacts
- Users have increased visibility to key data and performance results – they are able to make changes as data is actionable
- There is now "one version of the truth" for financial planning; critical data is centralized, easily accessible by users, and labor to maintain it was reduced significantly. In addition, data quality was improved, and consistent definitions of measurements were applied across functional areas
- Users are able to trend, grow, and spread plans easily within the system due to its flexibility
- Planning processes were standardized and documented, making personnel transitions easier, and making the processes themselves more efficient
- This initiative built the foundation for expanding the awareness of the company's Corporate Vision and Strategy to middle management
- The finance and IT teams are "self-sufficient" in supporting and leveraging the new environment for future growth and enhancements
- The technical Platform supports Hyperion Planning, Reporting and Analytics effectively and with minimal support activities

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