Giant Tiger bridges the gap in financial planning

Aligning local stores with corporate objectives

Overview

Business challenge

With a network of more than 200 stores across Canada, Giant Tiger wanted to find a better way to align local financial and operational planning with central corporate objectives. Exchanging and distributing data on spreadsheets was slow and cumbersome, diverting staff at head office and in stores from more valuable work. The lack of drill-down in the spreadsheets limited the ability to examine data in detail, and the business found it hard to respond quickly to changing market conditions.

Solution

Giant Tiger implemented IBM® Cognos® TM1 and integrated it with a Teradata data warehouse, substantially automating budgeting and forecasting processes and allowing store-based users to enter actual data directly into the system via a simple web interface.

Giant Tiger is a Canadian retail chain with more than 200 stores coast to coast. The company employs more than 7,000 people and has built an extensive network of franchise stores. Aiming to maintain a local presence even in smaller communities, Giant Tiger competes with both large out-of-town chains like Walmart and Loblaws, and smaller local stores.

"To stay ahead of the competition, we need to plan and budget very carefully," explains Jane Foster, Manager, Planning, Budgeting and Analysis at Giant Tiger. "On the one hand, each region and each individual store need to set their priorities to meet the needs of the local market; on the other hand, we need to set objectives at a corporate level to leverage economies of scale and optimize inventory management. Aligning these top-down and bottom-up approaches is critical, but with our existing, spreadsheet-based financial and operational planning processes, it was difficult to achieve."

Improving planning processes

Giant Tiger's planning processes were largely manual: data was extracted from the corporate financial system into a Microsoft Access database, and then processed into more than 200 separate spreadsheets, one for each of the company's stores. Collecting and validating the data took two or three weeks each quarter, and creating the spreadsheets and distributing them to the stores took an additional two days.

"The process was slow and cumbersome even when everything ran smoothly," explains Foster. "But if something needed to be changed at a late stage, we had to manually update every one of the 200 files, which was really painful!

"More important, though, was the effect on the business. The lead time on the budgeting process made it difficult to react in an agile way to changing market situations: by the time the data was available, it was already several weeks old. Moreover, since each store was managing its own budgets during the quarter and there was no easy way to join up the data, it was difficult to get a corporate or regional overview of operations."

Business Benefits

- Integrates and aligns top-down financial plans and bottom-up operational plans to help individual stores meet corporate objectives.
- Enables managers to identify problems and revise budgets and forecasts rapidly in response to market fluctuations.
- Reduces the budgeting cycle by up to 85 percent – from three weeks down to three days per quarter.
- Eliminates spreadsheet-based data collection, saving approximately 220 hours per month for store-based staff.
- Integrates with Teradata Enterprise Data Warehouse to ensure all users are working off of the same trusted data.
- Provides a full return on investment within 24 months.

Finding a solution

The Giant Tiger team began looking for a solution to these problems, and quickly selected IBM Cognos TM1.

"IBM Cognos TM1 really ticked all the boxes for us," explains Foster. "It promised to be relatively quick and easy to implement."

Working with IBM, the team implemented a planning and analysis solution that integrated the company's Teradata warehouse with IBM Cognos TM1. This provided a closed-loop planning process that reduced planning cycles and increased analytics capability, as well as maximizing the value of Giant Tiger's Teradata investment.

"We still have to import some data from other systems, but in the near future, everything will be in Teradata," says Foster. "The integration between the Cognos TM1 and Teradata is very stable and reliable – the close strategic relationship between IBM and Teradata is a big advantage here."

New insight for different user groups

The new solution provides different groups of users with different levels of access, helping them find the information they need quickly and easily. Buyers can drill up and down through product hierarchies to understand sales trends in different categories and help them plan for the next six to nine months. Regional Support Managers (RSMs) can use store hierarchies to compare performance within and between regions. And individual store managers can submit actual data into the Cognos TM1 web interface on a daily basis, helping to track sales and costs against projections in real time.

"The ability to do regional analysis easily is a major step forward," comments Foster. "Previously, there wasn't an easy way to group financial information for stores in different regions, so the RSMs had to look at each store's targets and results individually. Now, it's easy for them to compare stores and regions using hard numbers, which helps them support their stores more effectively."

Faster processes, greater agility

With IBM Cognos TM1, the quarterly budgeting process is largely automated and can be completed in three days – an 85 percent improvement on the previous lead time of three weeks. The solution also reduces workload for more than 220 users , who can each save approximately one hour per week by submitting data directly into the system via the web instead of using spreadsheets.

Solution Components

Software

- IBM® Cognos® TM1

"At all levels, IBM Cognos TM1 is helping us understand our business better... and we are on target to achieve a full return on our investment within 24 months."

— Jane Foster, Manager, Planning, Budgeting and Analysis, Giant Tiger

"The time we save is put to good use: the planning team at corporate headquarters can now concentrate on actually analyzing the data instead of just putting the reports together," explains Foster. "Since the process can be completed so much faster, we are also now considering doing revisions on a monthly basis, which simply wouldn't have been possible with our old system. Above all, the new solution helps us give users access to budgeting and forecasting data in a more timely way, which helps us react to changing market conditions in a more agile way."

As an example, Foster cites the effect of economic and political forces on Giant Tiger's planning processes: "The current political instability in the Middle East leads to rising oil prices, which leads to increased freight costs, which raises the price of cotton, which affects the pricing strategy for our clothing lines and therefore impacts our budgets and forecasts. Equally, recent layoffs in the automotive industry, which is a major part of Ontario's economy, mean that the average consumer in that region may have less money to spend – which again will have an effect on our sales performance.

"Previously, although we could identify these kinds of factors, our planning processes were too slow to react to them effectively. With IBM Cognos TM1, we can be much more responsive, and ensure that our top-down corporate planning aligns better with what the stores can actually achieve."

Looking to the future

In the near future, Giant Tiger intends to expand the staff budgeting component, and ensure that staffing levels are optimized. In the medium to long term, this should help the company make considerable savings. Giant Tiger will also begin to use store attributes such as retail floorspace to enrich its analyses, enabling the creation of metrics such as budgeted sales per square foot.

Foster concludes: "At all levels, IBM Cognos TM1 is helping us understand our business better. At the store level, we can see where we are and where we're supposed to be, which gives us opportunity to make changes and improve performance, instead of just looking back and seeing where we went wrong. As we continue to extend the solution and give more areas of the business access to it, we expect to gain additional benefits – and we are on target to achieve a full return on our investment within 24 months."

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