City Beach transforms the speed and quality of sales reporting

Eliminating more than 20 hours of administration per week for each sales manager

Overview

Business challenge

Tight margins and more challenging business conditions made it imperative for City Beach to analyse sales performance against operational costs in real time. Gathering and collating data was occupying around 70 percent of the sales management team's time, leaving practically no time for any meaningful analysis.

Solution

Working with IBM Business Partner and performance management specialist Bistech, City Beach deployed IBM® Cognos® TM1® and Cognos 10. The initial deployment covers the sales function, providing accurate sales figures at key points throughout the day across all 62 stores, with the ability to drill down into greater levels of detail.

Starting out in 1985 from a single tiny shop in Brisbane, Queensland, City Beach has grown into one of the great independent Australian retailers. Today, the clothing retailer has 62 large stores across Perth, Darwin, Sydney, Melbourne, Brisbane and the Gold Coast, in addition to a fast-growing online presence. Focused on youth culture and lifestyle, City Beach aims to be a shopping destination, combining an extremely wide selection of the latest global styles with unrivalled in-store entertainment to create the ultimate retail experience

City Beach's rapid organic growth, along with the company's laser focus on retail excellence and the visual appeal of its stores, had left little time to devote to development of the complex reporting tools the business needed to keep track of its progress. Over time, the company had bolted new functionality onto its core systems, but there were limited tools for reporting or analysis. As the company continued to expand, the ability to share knowledge on an informal basis was steadily eroding, and decisions were being made largely on the basis of opinion, without any supporting data.

Anita Dorwald, Costs and Operations Auditor at City Beach, says, "Product selection has always been our absolute focus: clothing retail is an incredibly fast-moving sector, and we are at the extreme end of that sector. Most retailers have a fairly traditional approach to product lines, staffing and visuals, and they might do a major update every four or five years. We move ten times faster, changing the product mix on a daily basis, redressing our windows on a weekly basis, and completely updating our image every 18 months. While the business was still small, there was enough informal knowledge-sharing to allow a reasonably clear view. But in more recent years, the strain was really beginning to show. Reporting on business performance was an entirely manual and largely paper-based process, and senior sales managers were spending an increasingly large proportion of their time gathering and validating sales data from the stores."

Finding new intuition

There was a growing demand for better management information at City Beach, but also a general impression that business intelligence was complex and IT-based.

Toni Reid, HR and IT Project Manager at City Beach comments, "We absolutely needed an intuitive, easy-to-use solution. We wanted users to feel able to manipulate data without fear of breaking anything,

Business Benefits

- Eliminates approximately 22.5 hours of data collation per week for each of the five Regional Sales Managers, and 35 hours for the National Sales Manager

- Provides accurate, detailed sales figures on a timely basis at the touch of a button, and reduces the risk of data-entry errors

- Frees up the sales management team to focus on supporting the stores, and enables extremely rapid reaction to emerging sales trends.

and look-and-feel was a key aspect. Both from the functional and the usability perspectives, IBM Cognos TM1 and Cognos 10 was the right solution for City Beach.

It's effectively a solution that is two or three sizes too big for us and that we're planning to grow into - we are using a tiny fraction of the solution's capabilities, and looking at new options all the time."

City Beach engaged Bistech to help deploy its Cognos solution. "Bistech understood what we were trying to do, and they had the experience and knowledge to help us plan and execute the project correctly," says Dorwald. "We've built a strong relationship with them and a clear roadmap for the future. The idea is to take a 'small-bite' approach that delivers new capabilities and genuine payback on a regular schedule."

Making time for success

The first stage of the Cognos solution at City Beach covers the sales reporting and is currently used by the Regional Sales Managers and the National Sales Manager. "Before the rollout of Cognos, this team was spending up to 70 percent of its time chasing the numbers," says Dorwald. "The remaining 30 percent of its time was spent running the business - leaving no time to actually analyse the numbers they'd worked so hard to get."

City Beach looks at three key sales milestones throughout each trading day: In the past, the five Regional Managers would telephone each of the 12 or 13 stores in their region and ask the store manager to manually query the register. After gathering, collating and checking the data - which would typically take 1.5 hours - each Regional Manager would then email it to the National Manager, who would then often need to call back to check the data. Performing historical analysis was difficult, often requiring the National Manager to check figures with the accounts and IT departments. All in all, the National Manager was spending up to 35 hours a week on data collection and aggregation.

"What once took 4.5 hours and more than 36 phone calls every day for each Regional Manager is now done at the touch of a button with Cognos," says Reid. "And there's no need to phone anybody for clarification, because you can drill down through the rolled-up numbers to see whatever detail you want. Not only has Cognos removed a huge amount of tedious administrative work, it has also eliminated significant potential for keying errors, and everybody now has complete confidence in the figures."

"Good retailers are highly visual and creative people who need to see things as they're happening - there's no value in reporting out-of-date information," says Dorwald. "With Cognos, the sales team can immediately get the data they need without any effort, and they now have the time to actually think about what it means and to take the appropriate actions. In the coming holiday season, which is an extremely busy period for us, they'll have much more time to help the stores hit their targets."

Solution Components

Software
- IBM® Cognos® TM1®

IBM Business Partner
- Bistech

"Cognos has completely transformed the efficiency of our sales management function, saving enormous amounts of time and effort. It has also significantly improved the quality and consistency of our data, and given us what feels like unlimited power around how we can analyse and present that data."

— Anita Dorwald, Costs and Operations Auditor, City Beach

Deeper analysis

The sales solution will soon be expanded to include data on store wages and rostering. City Beach will use Cognos to analyse wages as a percentage of sales over time, enabling it to make better, faster, and more informed decisions about rostering, staffing levels, and opening hours for stores. "Previously, a store manager might request additional budget to increase staffing levels during a busy period," says Dorwald. "That decision would then pretty much be made on an emotional basis, because there were no figures to support the requirement. Using Cognos reporting, we will be able to see the relationship between staffing levels and sales, and understand when it would make financial sense for a particular store to have additional staff in place."

Wages are a very significant operational cost at City Beach, and in the face of shrinking retail margins, the business aims to run as lean as possible. "We have to be as efficient as we possibly can: there's almost no slack in the system," says Dorwald. "Even a small percentage reduction in wages makes a big difference financially. Cognos will help us have the right levels of staffing to maximise the productivity of each store, and to adapt the rostering in an intelligent way as conditions change."

City Beach plans to introduce productivity metrics such as stock processing and stock transfer from the wages perspective - again, so that it can ensure the correct staffing levels to balance performance against cost. "Our ultimate vision, which is perhaps three to five years into the future, is to have live performance dashboards for store managers that will show wages and rostering information in the context of cost KPIs," says Dorwald. "We plan to look at our product mix by store in order to determine the best mix for each location over time. We'll also cover promotional activity: for example, analysing the effect on sales from using social media promotions versus traditional flyer drops."

Fast results

Even with the relatively limited functionality deployed to date, City Beach has already seen significant benefits. "Our National Sales Manager and the Regional Managers can now get on with their jobs," says Reid. "They're no longer spending their lives chasing up data; rather, they have instant access to accurate information that was previously unavailable. They are really excited by the possibilities that Cognos offers.

Dorwald concludes: "We haven't yet formally measured the return on our investment in Cognos, but there's no doubt that we'll be ahead of the game inside three months of the major go-live. I think we'll then see a steady increase in the benefits for some years, as we work with Bistech to roll out new functionality on a regular basis.

"Cognos has completely transformed the efficiency of our sales management function, saving enormous amounts of time and effort. It has also significantly improved the quality and consistency of our data, and given us what feels like unlimited power around how we can analyse and present that data. Finally, its simplicity and user-friendliness are a huge advantage in a business that has no internal 'power-users' and no past experience of analytics systems."

About Bistech

A true performance management specialist and expert in Cognos, Bistech provides a broad range of services and solutions to businesses throughout Australia. Its solutions include balanced scorecards, corporate risk management, executive dashboards, financial reporting, sales analysis and workforce performance. The company was awarded "IBM SWG Australia BI Partner of the Year 2010", and has won Cognos Partner of the Year awards on three previous occasions. For more information, please visit **www.bistech.com.au**.

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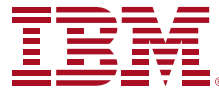
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