

Brief



Retail Store Development Planning Performance Blueprint



Information Management

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Introduction

Retailers are continually undertaking store development projects that require capital investments and expenditures to support company-wide business objectives, including:

- Building new stores
- Remodeling older stores to new format types and/or refurbishing selected stores that may have sustained damage from fires, storms, etc.
- Implementing new company-wide upgrade initiatives such as “Going Green” by upgrading stores for energy-efficiency
- Evaluating divestitures of properties and facilities

Chains have many investment options, and need the capability to quantify and analyze the risk, financial and operational impact of business decisions related to building, enhancing, selling and closing facilities (stores, distribution centers, real estate, warehouses, etc.). They must determine which capital investments and strategies deliver the highest business benefits, best returns, and greatest support for corporate objectives. Once decisions are made, chains need the ability to reforecast plans as situations change, measure financial performance for multiple initiatives, and communicate status of initiatives to stakeholders in finance and store development, and to the appropriate level(s) of store operations hierarchy.

This application brief demonstrates a best-practice approach for managing store development project expenditures using IBM Cognos® Planning. Implementing the IBM Cognos *Retail Store Development Planning Performance Blueprint* will enable forward-looking visibility into expense and return decisions company-wide. The models and processes described here are a compendium of best practices used by leading North American chains, but can be tailored to support alternative model requirements and to accommodate planning in any country.

Model Overview

Expenses associated with a labor- or capital-intensive initiative or project can form a large part of a company's expense and capital expenditure base. The IBM Cognos *Retail Store Development Planning Performance Blueprint* allows project managers to plan from a financial perspective by selecting resources required, determining other project expenses, and forecasting capital expenditures. It also allows managers to model and forecast returns for projects, based upon internal risk standards.

For example, a project manager in charge of a store upgrade program can select resources from a dropdown list by function, by resource type (for determining the cost and time spent on the project), and by time period. The *Blueprint* calculates the cost of these resources over the appropriate timeframe. The project manager also determines other project costs, which are allocated based on headcount profile. Capital expenditures associated with the project can also be input. These in turn feed the IBM Cognos *Capital Project Planning Blueprint* in order to determine depreciation and cash impact. Non-capital expenses such as rentals feed the IBM Cognos *Expense Planning and Control Blueprint*.

The *Retail Store Development Planning Blueprint* allows for the inclusion of financial benefits like revenue generation or expense reduction along with the month in which the project is implemented so that managers can determine Return on Investment (RIO) for individual initiatives. The *Blueprint* calculates the project's Net Present Value and Payback Period. It requires very little input from planners, yet returns a great deal of information.

Blueprint Objectives

The *Retail Store Development Planning Blueprint* is designed to help retailers model, plan, reforecast, communicate and measure the financial impact of store development initiatives, including: new store construction, remodels/ refurbishments, upgrade initiatives, and divestitures that contribute to corporate objectives and financial goals.

The *Blueprint* achieves the following planning objectives:

Capabilities:

- Define projects and create financial plans for store development initiatives.
- Manage financial and capital impact of store development initiatives (new stores, remodels/ refurbishments, upgrade programs, divestitures).
- Define, apply, and manage attributes, drivers, assumptions.
- Compare plans (revenue, expense) to determine initiative ROI.
- Assists chains in evaluating and managing store performance, including risk and return calculations for selling or closing stores or facilities.
- Model and measure store, facility and initiative profitability, performance and contribution against goals.
- Apply initiatives to regions, stores, or groups of stores.
- Manage resources by assigning them to projects.
- Allocate expenses and capital expenditure to projects.
- *What-if* modeling – enables managers to analyze financial and capital investment impact of initiatives, and model financial impact of store development initiatives for multiple scenarios to determine Payback Period and Net Present Value.
- Integrated Workflow – ability to manage and immediately consolidate plans. Provides a visual scorecard, so that planning process status can be easily determined and actions can be taken to complete the planning process. Delivers alerts so that approved plans are communicated to stakeholders, creating awareness of initiatives that will impact store operations.
- Calculated metrics summarization and linkage to dashboards, scorecards and reports to measure impact of initiatives, including revenue, expenses, by store, region, initiative and initiative type. Analysis of initiatives by ROI to ensure that adequate returns (by initiative, by store) are achieved (initiative Report Card).

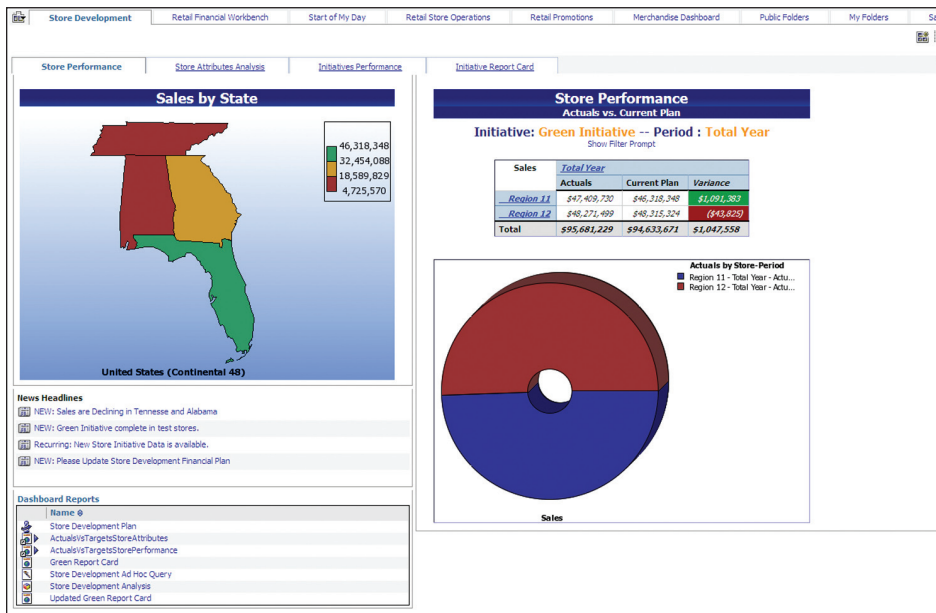
Key IBM Cognos Planning Benefits

- Flexible model development to support a wide variety of planning models.
- Web-based or Excel-based deployment of models for data collection and consolidation.
- Easy version control.
- Real-time workflow to facilitate collaboration.
- Real-time consolidation.
- Real-time reporting.
- Real-time browser-based calculations for immediate results.
- Audit and user textual annotations at the cell, worksheet and model level to enhance collaboration.
- Drop-down validation lists to ensure data consistency.
- Scalable architecture with proven deployments to thousands of users.
- Linking functionality to provide divergent yet interrelated components of planning environment.
- Off-line capabilities.
- Custom date capabilities with no limit on the time dimension, allowing planning by the week, season, period, quarter or year.
- Unique multi-directional calculation engine permits input across any dimension at the detail level or the total level.

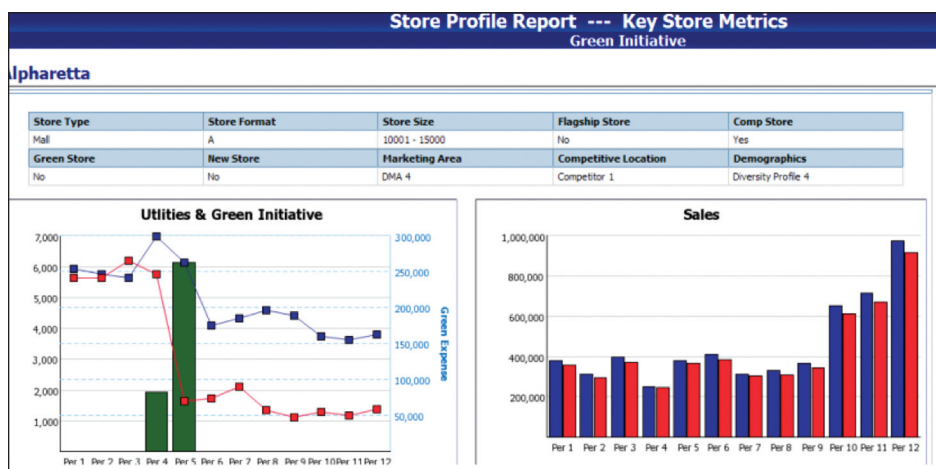
Representative Workflow

The following sections of this application brief describe the basic workflows in which a store development analyst or manager might participate during the planning process. Once a user has signed on to the Cognos information portal, the first screen displayed is the **Store Performance Dashboard**.

The **Store Performance Portal** tab shows a geographical map with Sales by State, and an Actual vs. Plan comparison of sales for the entire store hierarchy sliced by initiative and time. A user can drill into the available hierarchies, filter the data, and drill through to detailed reports holding the context of version, time, store, state, and initiative. In addition to the charts and graphs, an area is made available for news items and personal alerts that can be posted to the portal tab based upon a subscription model. A user has direct access to the Store Development Financial Plan, Store Development Ad Hoc Query, and Store Development Analysis from this portal tab.



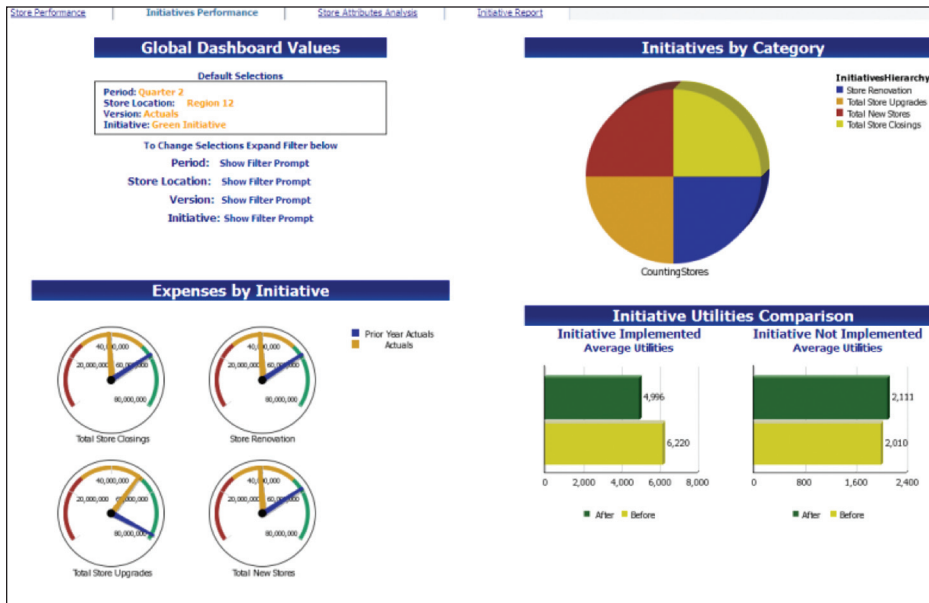
The **Store Profile Drill-Through Report** provides a complete view of individual store characteristics, Displaying the entire set of attributes associated with the store, a mini P&L accompanies each store, a graph of Sales over the last 12 periods for both current plan and actuals, and a chart showing Utilities as well as Green Initiative costs. This report is an in-depth view of the store and helps identify candidates for specific initiatives based upon the store profile and historical financial performance.



The **Store Attributes** portal enables a more detailed analysis of the **Store Performance Portal** tab. A user can slice store performance by the attributes available in the IBM Cognos *Retail Store Development Planning Blueprint*, which displays both chart and tabular data for the store hierarchy across time for both Sales and Net Operating Profit. A few examples of attributes available are: New Stores (Yes/No), Green Stores (Yes/No), Store Type (Rural, City Center, Mall), etc. This will help a retailer identify candidates for particular initiatives. For example, if a retailer finds that historical sales and profitability indicate that mall stores consistently meet sales and profitability targets on a regular basis, then mall sites should be targeted for new store development. If rural stores typically miss targets, then rural stores may be candidates for closure or other initiatives that may increase sales or decrease expenses.



The **Initiatives Dashboard** provides a global view of all initiatives and how well they meet stated goals. In the example above, you can see that stores in Region 12 during Quarter 2 implementing the Green Initiative experience a decrease in average utilities, while stores in the region that do not participate do not achieve any form of average utility cost savings. A user can filter all content on the screen from the global prompts in the upper left-hand corner, which demonstrates the interactive capabilities available to *Blueprint* users.

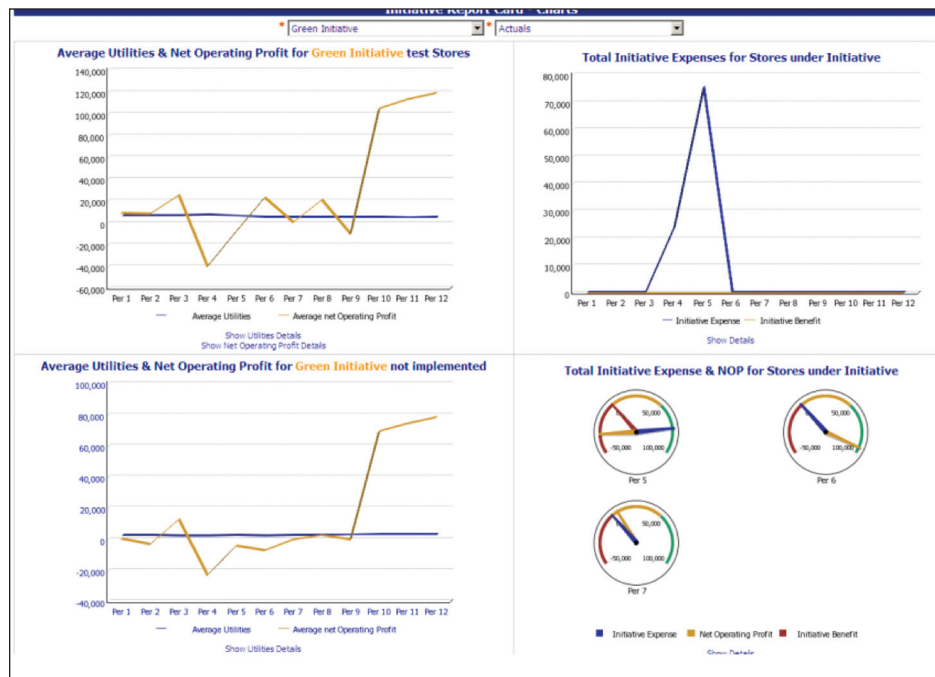


The **Initiative Report Card** is the key component for helping determine the overall ROI of a particular initiative. In this case, the Green Initiative has been piloted at four stores: Dunwoody, Alpharetta, Roswell 1, and Roswell 2. The data shows that all of the stores participating in the Green Initiative have achieved a significant cost saving on utilities after implementing Green which helps improve overall Net Operating Profit. The increased operating profit well outweighs the cost of implementing the Green Initiative, which leads to a positive ROI. According to the data, the Green Initiative has been a success at the pilot stores and should be rolled out at additional stores. The **Store Performance Portal** tab and the **Store Attributes Portal** tab will help determine the best candidates for future implementation of the Green Initiative.

In addition to supporting analysis of a Green Initiative, the **Initiative Report Card** is flexible enough to report on any initiative that a retailer would like to evaluate in terms of ROI, and could be applied to other store upgrade initiatives, store openings, store closings, etc.

Initiative Report Card											
* Green Initiative - Per 5											
Actuals											
	UTILITIES				Net Operating Profit				After Implementing		
	Before Initiative	After Initiative	Variance	% Variance	Before Initiative	After Initiative	Variance	% Variance	Expenses	ROI	% ROI
Initiative Stores											
Dunwoody	\$22,437.16	\$18,025.15	(\$4,412.01)	-19.66%	(\$17,379.41)	\$3,319.27	\$20,698.68	119.10%	\$18,801.28	\$1,897.40	10.09%
Alpharetta	\$18,385.87	\$14,542.27	(\$3,843.60)	-20.91%	(\$3,729.68)	\$19,057.79	\$22,787.46	610.98%	\$18,801.28	\$3,986.18	21.20%
Roswell 1	\$18,047.14	\$14,259.74	(\$3,787.40)	-20.99%	\$3,489.83	\$23,492.68	\$20,002.85	573.18%	\$18,801.28	\$1,201.57	6.39%
Roswell 2	\$17,702.92	\$13,122.05	(\$4,580.87)	-25.88%	\$612.24	\$22,806.45	\$22,194.21	3,625.10%	\$18,801.28	\$3,392.93	18.05%
Total - Initiative Stores	\$76,573.10	\$59,949.22	(\$16,623.88)		(\$17,007.03)	\$68,676.19	\$85,683.22		\$75,205.13	\$10,478.09	
Non Initiative Stores											
Wellington	\$7,201.58	\$8,139.67	\$938.08	13.03%	(\$10,780.67)	(\$8,254.24)	\$2,526.43	-23.43%			
Birmingham	\$6,685.17	\$7,962.10	\$1,276.93	19.10%	(\$16,489.04)	(\$14,158.76)	\$2,330.28	-14.13%			
Memphis	\$5,429.07	\$5,925.25	\$496.17	9.14%	(\$14,848.85)	(\$13,528.79)	\$1,320.06	-8.89%			
Boca Raton	\$6,495.35	\$7,465.92	\$970.57	14.94%	(\$74,580.64)	(\$69,156.50)	\$5,424.14	-7.27%			
Montgomery	\$6,415.85	\$6,722.57	\$306.72	4.78%	\$10,399.16	\$9,774.72	\$624.44	-6.00%			
Delray Beach	\$6,572.60	\$7,798.75	\$1,226.16	18.66%	(\$40,887.41)	(\$38,991.01)	\$1,896.40	-4.64%			
Pompano Beach	\$6,148.41	\$7,140.59	\$992.18	16.14%	(\$84,192.58)	(\$82,221.35)	\$1,971.24	-2.34%			
Palm Beach Gardens	\$7,560.91	\$7,806.63	\$245.72	3.25%	(\$88,345.85)	(\$87,746.19)	\$599.65	-0.68%			
Boynton Beach	\$7,300.60	\$7,436.75	\$136.15	1.86%	(\$37,312.18)	(\$37,656.34)	\$344.16	0.92%			
Pt. Lauderdale	\$1,741.64	\$1,519.88	(\$221.77)	-12.73%	\$126,850.03	\$128,125.49	\$1,275.45	1.01%			

Initiative Charts offer a graphical depiction of the **Initiative Report Card** showing average utilities and operating profit over time for stores implementing the initiative and stores not implementing the initiative, and also shows initiative expenses over time and initiative expenses compared to net operating profit for stores under the Green Initiative.






We've been evaluating the Green Initiative's effect on the four stores that have implemented it. We will now look through the eyes of a development business analyst tasked with assessing the Green Initiative implementation at additional stores. We'll begin by launching the planning portion of the *Retail Store Development Planning Blueprint*.

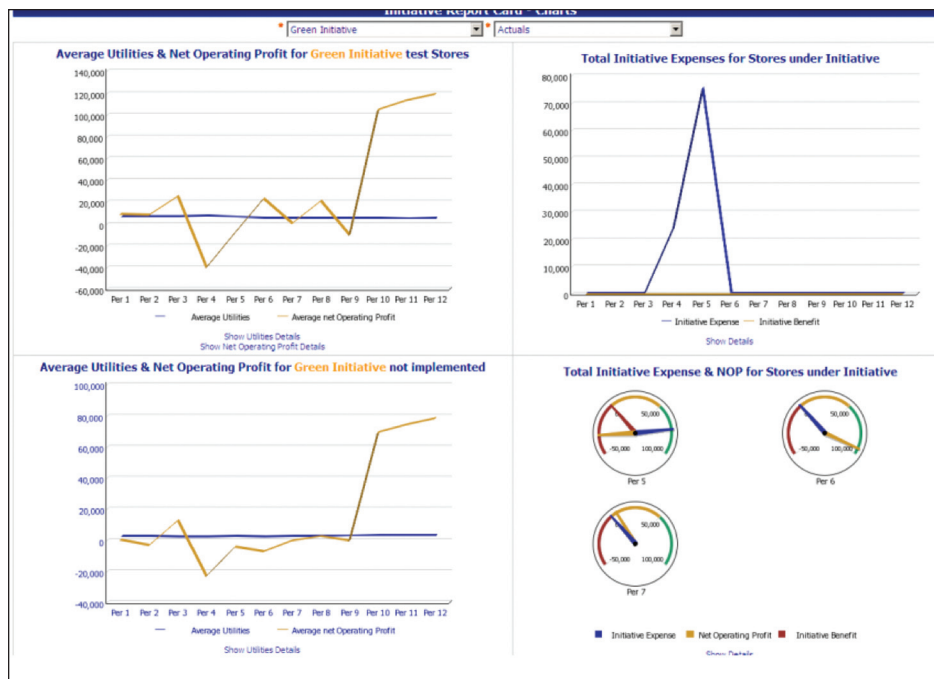
Real-Time Workflow Visibility

The first screen that a business analyst sees is the workflow associated with the different initiatives under consideration.

As business analysts or project managers are making changes to store development plans, higher level managers have real-time visibility to the workflow status of the completion of company-wide initiatives. In this example, Store Renovation is the parent for the initiatives "Natural Disaster Re-Build," "Re-facing Store Entrance," and "Green Initiative." The owner of Store Renovation, also known as the "reviewer," can see the workflow status of each initiative. All workflow status changes, data consolidations, and aggregations occur in real time, without a batch process. This drives down the time it takes to perform the planning iteration.

Before data is entered, the state of the plan is designated as  **Not started**. Once a plan is saved, the state becomes  **Work in progress** and remains accessible for further editing. When an item is submitted, the plan is  **Locked** and no more changes can be made. The Locked state indicates that the plan is ready for review. A reviewer can review the plan in any state, but can only reject a Locked plan item. When a locked plan is rejected, it returns to a state of Work in progress, making it editable once again for the project manager.

Clicking on Green Initiative takes us to the templates to define or update the plan.



Project Definition

This tab is the starting point for project definition. From this tab, project managers can select the subset of stores they would like to apply the initiative to. A project manager is able to define and revise key project parameters such as start- and end-milestones, project delays, risk levels, linkage to corporate strategy, and financial goals. Moreover, a project manager can enter areas of impact for the initiative.

Project Definition	Store Attributes and Selection	Headcount Requirements	Expenditures	Project Summary by Period
Green Initiative				
	Current Plan	What-if Scenario 1	What-if Scenario 2	
PROJECT OVERVIEW				
Project Description	GreenInitiative	GreenInitiative	GreenInitiative	
Apply to Store Type				
Apply to Store Format				8
Apply to District or	District 1 - Region 12		District 2 - Region 12	
Apply to Region		Region 11		
District or Region Warning				
Number of Stores Affected	4	10	1	
Store Selection				
Project Start Date	04/01/09	07/01/09	10/01/09	
Project Start Week	Week 09 - 2009	Week 22 - 2009	Week 35 - 2009	
Project Duration per Store in Weeks	1 weeks	1 weeks	1 weeks	
Project End Week	Week 13 - 2009	Week 32 - 2009	Week 36 - 2009	
[Advance]/Delay in Weeks	8	4	4	
New Project Start Week	Week 17 - 2009	Week 26 - 2009	Week 39 - 2009	
New Project End Week	Week 21 - 2009	Week 36 - 2009	Week 40 - 2009	
New Project End Month	Per 5	Per 9	Per 10	
Risk	Medium-High	Medium	Medium	
Required Return on Capital	12.00%	10.00%	10.00%	
Priority	High	High	High	
Strategy Map	Contain Costs	Contain Costs	Contain Costs	
PROJECT IMPACT				
Store Department Affected	Total Store	Total Store	Total Store	
Enter Cost Estimate per Sq Foot	8.00	8.00	8.00	
Enter Square Footage	20,000	20,000	20,000	
Total Sq Footage Cost Estimate	160,000	160,000	160,000	
Enter Projected Comp Revenue Impact % or				
Enter Base Weekly Revenue Impact per Store				
Total Weekly Revenue Impact				
Enter Base Weekly Expense Impact per Store	(1,000)	(1,250)	(800)	
Total Weekly Expense Impact	(4,000)	(12,500)	(800)	
Impact Start Week-Year Assump	Week 22 - 2009	Week 37 - 2009	Week 41 - 2009	
Impact Start Week-Year Override				
New Impact Start Week-Year	Week 22 - 2009	Week 37 - 2009	Week 41 - 2009	
Annual Growth				
Net Present Value	673,282	2,506,320	157,187	
Current owner: Administrator				

A project manager enters the following data elements in order to start the project:

- Project description
- Stores affected by this initiative
- Project start week
- Project duration per store
- Project end week
- Risk
- Priority
- Strategy map (addresses the question, "Where does the project fit within company strategy?")
- Department within the store this initiative primarily affects
- Estimates of costs based on square footage
- Revenue impact of ongoing operations based on a comp % or based on a weekly revenue impact per store
- Base weekly expense impact (the ongoing impact of increased or decreased costs (enter a negative amount) based on project completion
- Start Week-Year Override to advance or delay the project (all inputs in the application changed accordingly) and see impacts

Store Attributes and Selection

The **Store Attributes and Selection** tab allows a project manager to review the stores that were automatically selected based on the selections from the **Project Definition** tab. It enables project managers to select from a drop-down if they would like to override those automatic selections.

Project Definition	Store Attributes and Selection	Headcount Requirements	Expenditures	Project Summary by Period	Project Summary	Required Return on Capital	
Green Initiative	Current Plan						
	Wellington	Boynton Beach	Palm Beach Gardens	Delray Beach	Boca Raton	Pompano Beach	Ft. Lauderdale
Store Type	Mall	City Center	Mall	City Center	Mall	City Center	Mall
Store Format	A	B	C	B	A	D	E
District	District 1 - Region 11	District 1 - Region 11	District 1 - Region 11	District 2 - Region 11	District 2 - Region 11	District 2 - Region 11	District 3 - Region 11
Region	Region 11	Region 11	Region 11	Region 11	Region 11	Region 11	Region 11
Floorspace	19,000	14,000	19,000	16,500	12,500	18,600	5,000
Store Size	15001 - 20000+	10001 - 15000	15001 - 20000+	15001 - 20000+	10001 - 15000	15001 - 20000+	4001 - 10000
Marketing Area (DMA)	DMA 2	DMA 1	DMA 1	DMA 2	DMA 3	DMA 3	DMA 1
Competitive Location	None	Competitor 1	Competitor 1	Competitor 1 & 2	Competitor 1 & 2	Competitor 2	Competitor 2
Demographics	Diversity Profile 1	Diversity Profile 1	Diversity Profile 2	Diversity Profile 2	Diversity Profile 1	Diversity Profile 3	Diversity Profile 1
Pull Radius	> 20 km	> 20 km	11 - 20 km	5 - 10 km	5 - 10 km	11 - 20 km	< 5 km
Average Household Income	> 100k	> 100k	> 100k	50 - 100k	> 100k	50 - 100k	< 25k
Flagship Store	No	No	Yes	No	No	No	No
Date of Last Remodel	05/13/02	05/13/02	05/13/02				
Remodel Week	Week 14 - 2002	Week 14 - 2002	Week 14 - 2002				
New Store?	No	No	No	No	No	No	No
Green?	No	No	No	No	No	No	No
Opening Date	06/03/04						
Opening Week	Week 17 - 2004						
Does the Initiative affect Comp?	Yes	No	No	No	No	No	No
New Project End Date	06/01/08						
New Project Ending Week	Week 17 - 2008						
Comp Timeout in Days	365	0	0	0	0	0	0
Comp?	No	Yes	Yes	Yes	Yes	Yes	Yes
Comp Week							
Store Closing?	No	No	No	No	No	No	No
Closing Date							
Closing Week							
Week to Pull from Comp Pool							
Location	Florida	Florida	Florida	Florida	Florida	Florida	Florida
PY Revenue	\$5,066,108	\$6,180,153	\$10,556,128	\$9,170,575	\$9,060,613	\$8,833,582	\$8,913,967
Store Type Selected from Project Definition							
Store Format Selected from Project Definition							
Store District Selected from Project Definition	District 1 - Region 12	District 1 - Region 12	District 1 - Region 12	District 1 - Region 12	District 1 - Region 12	District 1 - Region 12	District 1 - Region 12
Store Region Selected from Project Definition							
Store Selected from Project Definition							
Store Selected - Automatic Selection	No	No	No	No	No	No	No
Override Automatic Selection							
Store Selected	No	No	No	No	No	No	No
Count Stores Affected							
PY Revenue for Selected Stores							
Store Implementation Order							
Warning							

Headcount Requirements

The project manager enters from the dropdown selections Role (whether a Per Store or Project Overhead headcount requirement), Resource Type, Status, FTE (the amount of time to be spent for this particular activity), and Start Week. The manager enters the Duration per Store in Days and the application calculates the End Week based on that duration and the number of stores affected. The project manager can also enter Task as freeform text.

From this information, the application assigns the FTE allocation to the appropriate weeks. Warnings are issued if the Start Week or End Week is not within the project time frame set in the **Project Definition** tab.

Project Definition													
Store Attributes and Selection		Headcount Requirements			Expenditures		Project Summary by Period		Project Summary		Required Return on Capital	Resource Cost	Store P&L
Green Initiative													
Enter Details													
Current Plan													
Role	Task	Per Store or Project Overhead	Resource Type	Status	FTE	Start Week/Yr	Duration per Store in Days	End Week-Yr	New Start Week-Year	New End Week-Year	Warning		
Project Manager		Project Overhead	Edgt High Internal	Permanent - Full Time	Contractor	1.00	Week 06 - 2009	6	Week 10 - 2009	Week 17 - 2009	Week 18 - 2009	Start Date Before	
Electrician		Per Store											

Expenditures

On the **Expenditures** tab, project managers enter Capital Investments or Project Expenses. They define the Expenditure Description, Expense Type, Item Amount, and whether the expenditure is on a project or per store basis. From a drop-down, the project manager selects the Purchase Week and the In-Service Week. Real-time warnings are issued if the Purchase Week or In-Service Week exceeds the project time frame set within the Project Definition tab. The effect of the Delay entered on the Project Definition tab can be viewed (not shown).

Project Definition													
Store Attributes and Selection		Headcount Requirements			Expenditures		Project Summary by Period		Project Summary		Required Return on Capital	Resource Cost	Store P&L
Green Initiative													
Current Plan													
Description	Expense Type	Item Amount	Per Store or Project Overhead	Total Amount	Purchase Week-Year	New Purchase Week	In Service Week	New In Service Week	Warning				
1	ReusableBags	Office Supplies	200	Per Store	800	Week 09 - 2009	Week 17 - 2009	Week 09 - 2009	Week 17 - 2009				
2	DisplayStands	Furniture, Fixtures & Equipment - 05 Years	2,500	Per Store	10,000	Week 10 - 2009	Week 18 - 2009	Week 10 - 2009	Week 18 - 2009				
3	CDLSignBuds	Office Supplies	5,000	Per Store	20,000	Week 11 - 2009	Week 19 - 2009	Week 11 - 2009	Week 19 - 2009				
4	HFCUpgrade	Furniture, Fixtures & Equipment - 10 Years	10,000	Per Store	40,000	Week 10 - 2009	Week 18 - 2009	Week 10 - 2009	Week 18 - 2009				
5	EnergyAwarenessTraining	Professional Fees	10,000	Project Overhead	10,000	Week 09 - 2009	Week 17 - 2009	Week 09 - 2009	Week 17 - 2009				
6	SustainableFoodInhalmsMarketing	Professional Fees	50,000	Project Overhead	50,000	Week 13 - 2009	Week 21 - 2009	Week 13 - 2009	Week 21 - 2009				
7	Eco-friendlySignage	Office Supplies	500	Per Store	2,000	Week 12 - 2009	Week 20 - 2009	Week 12 - 2009	Week 20 - 2009				

Project Summary by Period

This tab summarizes the financial impact of the data entered. Labor is consolidated from the **Headcount Requirements** tab. Project Expenses and Capital Expenditures are aggregated based on the expenditure type entered in the **Expenditure** tab. The *Blueprint* does the calculations to determine whether the expenditure is an expense or a capital investment.

RETAIL - Store Development V2 Contributions Green Initiative - Cognos Planning - Contributor													
Project Definition Store Attributes and Selection Headcount Requirements Expenditures Project Summary by Period Project Summary Required Return on Capital Resource Cost													
Green Initiative Current Plan													
	Per 1 - 2008	Per 2 - 2009	Per 3 - 2009	Per 4 - 2009	Per 5 - 2009	Per 6 - 2009	Per 7 - 2009	Per 8 - 2009	Per 9 - 2009	Per 10 - 2009	Per 11 - 2009	Per 12 - 2009	Total Year - 2009
PROJECT REVENUE													
Gross Revenue													
PROJECT EXPENSES													
Permanent - Full Time				6,731									6,731
Permanent - Part Time													
Graduate													
Offshore													
Contractor				9,615	3,205								12,821
Temporary													
Total Labor Costs				16,346	3,205								19,551
Computer & Technical Equip Rental													
Office AV Studio Equip Rental													
Other Equipment Rental													
Total Equipment Rental													
Travel & Entertainment				10,000	50,000								60,000
Professional Fees													
Telephone													
Office Supplies				800	22,000								22,800
Legal													
Patents													
Other													
Total Other Project Expenses				10,800	72,000								82,800
TOTAL PROJECT EXPENSES				27,146	75,205								102,351
NET OPERATING PROFIT				(27,146)	(75,205)								(102,351)
CAPITAL EXPENDITURE													
STORE CONSTRUCTION													
Site Selection													
Site Cost													
Site Prep													
Architecture and Design													
Store Construction													
Total Store Construction Cost													
Land													
Building													
Furniture, Fixtures & Equipment - 20 Years													
Furniture, Fixtures & Equipment - 15 Years													
Furniture, Fixtures & Equipment - 10 Years				40,000									40,000
Furniture, Fixtures & Equipment - 05 Years				10,000									10,000
Auto/Trucks/Trailers													
Computer Software													
Computer Equipment													
Desktop													
Laptop													
Point of Sale Equipment													
TOTAL CAPITAL EXPENDITURE				50,000									50,000
Headcount				5	1								6

Project Summary

On this tab, the project manager evaluates the project's financial impact based on the latest revisions to the project plan. The manager has immediate visibility into the summarized revenue and expense impacts calculated from the **Project Definition** tab. It also calculates the Present Values of cash flows to determine Net Present Value and calculates cumulative project costs, revenue, and expense impacts to determine the Payback period.

Expenditures	Project Summary by Period	Project Summary	Required Return on Capital	Resource Cost	Store P&L
Green Initiative					
	Current Plan	What-if Scenario 1	What-if Scenario 2		
Project Description	Green Initiative	Green Initiative	Green Initiative		
Project Start Week-Year	Week 17 - 2009	Week 26 - 2009	Week 39 - 2009		
Project End Week-Year	Week 21 - 2009	Week 36 - 2009	Week 40 - 2009		
Impact Start Week-Year	Week 22 - 2009	Week 37 - 2009	Week 41 - 2009		
Number of Stores Affected	4	10	1		
Risk	Medium-High	Medium	Medium		
Store Department Affected	Total Store	Total Store	Total Store		
Total Detail Project Expenses	102,351				
Total Detail Project Capital Expenditure	50,000				
Total Detail Project Expenditures	152,351				
Total Sq Footage Cost Estimate	160,000	160,000	160,000		
Variance Detail Project Exp to Sq Ft Estimate	(7,649)	(160,000)	(160,000)		
Headcount	6				
Total Weekly Revenue Impact					
Total Weekly Expense Impact	(4,000)	(12,500)	(800)		
Total Revenue Impact					
Total Expense Impact	(1,178,667)	(3,466,667)	(218,400)		
Project NPV	673,282	2,506,320	157,187		
Offer Price	0	0	0		
No of Months to Payback From Project Start	9	3	1		
No of Months to Payback From Project End	8				

Current owner: Administrator

Required Return on Capital

Controlled by the system administrator, this tab enables the project manager to review the corporate return on capital requirements.

Project Summary	Required Return on Capital
High	14.00%
Medium-High	12.00%
Medium	10.00%
Medium-Low	8.00%
Low	6.00%

Current owner: Administrator

Best practice is to require a higher return as project risk increases.

Resource Cost

In this tab, the project manager can review fully loaded resource costs that can be assigned to a given project. The tab covers both internal and external resources for high, medium, and low costs through 2014.

Expenditures	Project Summary by Period	Project Summary	Required Return on Capital	Resource Cost	Store P&L		
Bdgt High Internal	Fully Loaded Cost	2009					
	Permanent - Full Time	Permanent - Part Time	Graduate	Offshore	Consultant	Contractor	Temporary
Business Development Manager	162,500	139,583	116,667	93,750			130,769
Real Estate Development Manager	125,000	108,333	91,667	75,000			101,923
Director Real Estate Development	137,500	118,750	100,000	81,250			111,538
Store Construction Project Manager	137,500	118,750	100,000	81,250			111,538
Director Store Planning and Construction	137,500	118,750	100,000	81,250			111,538
Cost Analyst - Store Development	150,000	129,167	108,333	87,500			121,154
Electrician	137,500	118,750	100,000	81,250			111,538
Mechanical Technician	162,500	139,583	116,667	93,750			130,769
Carpenter	137,500	118,750	100,000	81,250			111,538
Day Laborer	20,000	20,000				20,000	20,000
Field Service Technician	150,000	129,167	108,333	87,500			121,154
Technician Manager	162,500	139,583	116,667	93,750			130,769
Project Manager	175,000	150,000	125,000	100,000			140,385
Senior Project Manager	162,500	139,583	116,667	93,750			130,769
Construction Manager	137,500	118,750	100,000	81,250			111,538
District Manager	150,000	129,167	108,333	87,500			121,154
Regional Manager	137,500	118,750	100,000	81,250			111,538
Administrative Assistant	100,000	87,500	75,000	62,500			82,692
Business Analyst	150,000	129,167	108,333	87,500			121,154
Financial Analyst	150,000	129,167	108,333	87,500			121,154
Accounting Manager	137,500	118,750	100,000	81,250			111,538
Computer Support Technician	112,500	97,917	83,333	68,750			92,308
Database Administrator	150,000	129,167	108,333	87,500			121,154
IT Director	175,000	150,000	125,000	100,000			140,385
IT Manager	162,500	139,583	116,667	93,750			130,769
IT Product Manager	162,500	139,583	116,667	93,750			130,769
IT Project Manager	150,000	129,167	108,333	87,500			121,154
IT Risk Manager	150,000	129,167	108,333	87,500			121,154
IT Security Specialist	137,500	118,750	100,000	81,250			111,538
IT Supervisor	162,500	139,583	116,667	93,750			130,769
Office Services Specialist II	125,000	108,333	91,667	75,000			101,923
Office Support Clerk	100,000	87,500	75,000	62,500			82,692
Product Manager	162,500	139,583	116,667	93,750			130,769
Senior Database Specialist	137,500	118,750	100,000	81,250			111,538
Senior IT Documentation Manager	137,500	118,750	100,000	81,250			111,538
Systems Specialist	150,000	129,167	108,333	87,500			121,154
Technical Administrator	137,500	118,750	100,000	81,250			111,538
Technical Support Specialist	125,000	108,333	91,667	75,000			101,923
Trainer	137,500	118,750	100,000	81,250			111,538

Current owner: Administrator

Controlled by the system administrator, resource costs are displayed as read-only information to the project manager.

Store P&L

The Store P&L tab combines store level profitability data loaded from the IBM Cognos *Store (P&L) Operations Planning Blueprint* with any revenue uplift or expense savings due to the approved initiatives. This tab gives the project manager a complete view of the impact of each initiative on the specific stores affected by that initiative.

Store Attributes and Selection	Headcount Requirements			Project Summary by Period						Project Summary		Required Return on Capital		Resource Cost		Store P&L
	Per 1	Per 2	Per 3	Per 4	Per 5	Per 6	Per 7	Per 8	Per 9	Per 10	Per 11	Per 12	Total Year			
Gross Revenue	400,815	328,837	369,897	367,467	465,610	432,351	377,480	361,067	427,471	672,363	737,715	1,011,376	5,951,528			
Revenue Uplift	0	0	0	0	0	0	0	0	0	0	0	0	0			
Cost of Goods	400,809	200,328	222,319	223,564	281,878	260,698	221,457	215,760	261,894	413,705	455,327	624,974	3,782,713			
Distribution	9,855	10,358	9,569	9,766	9,766	9,766	9,766	9,766	9,766	10,852	10,852	10,852	120,947			
Delivery Expense	6,993	6,898	6,372	6,504	6,504	6,504	6,504	6,504	6,504	7,226	7,226	7,226	80,539			
Rent and Occupancy	8,118	8,523	7,974	8,036	9,036	8,036	8,036	8,036	8,036	8,929	8,929	8,929	98,522			
Cost of Sales	425,361	226,107	246,134	247,871	306,184	285,004	245,763	240,066	286,200	440,712	482,334	651,981	4,083,720			
Gross Profit	(24,546)	102,790	122,763	119,597	159,425	147,347	131,716	121,000	141,270	231,671	255,381	359,395	1,867,808			
Operating Expenses:																
Salaries	18,360	18,360	22,950	18,360	18,360	22,950	18,360	18,360	22,950	18,360	18,360	22,950	238,680			
Benefits/Taxes	3,794	3,794	4,743	3,794	4,743	3,794	3,794	3,794	4,743	3,794	4,743	4,743	49,322			
Bonus	0	0	0	0	0	0	0	0	0	0	0	0	0			
Total Salaries and Related	22,154	22,154	27,693	22,154	22,154	27,693	22,154	22,154	27,693	22,154	22,154	27,693	288,002			
CONTROLLABLE EXPENSES																
Local Advertising	2,870	1,291	2,439	2,583	3,731	4,305	3,587	2,726	4,305	4,161	5,252	11,695	49,046			
Front-end Supplies	3,812	2,266	3,841	3,531	4,656	5,469	4,516	3,672	5,469	5,078	6,245	12,711	61,065			
Supplies	2,956	1,330	2,513	2,660	3,843	4,434	3,695	2,800	4,434	4,286	5,513	12,045	50,517			
Utilities	7,263	6,905	7,377	7,811	7,362	6,738	6,826	7,463	6,927	6,817	6,534	6,253	84,276			
Head Services	3,013	1,356	2,561	2,712	3,917	4,520	3,767	2,863	4,520	4,369	5,620	12,279	51,498			
Telephone	3,157	1,421	2,683	2,841	4,104	4,735	3,946	2,989	4,735	4,577	5,897	12,884	53,950			
Repairs and Maintenance	2,812	1,266	2,391	2,531	3,656	4,219	3,516	2,672	4,219	4,078	5,245	11,461	48,065			
Travel and Entertainment	2,801	1,260	2,381	2,521	3,641	4,201	3,501	2,661	4,201	4,061	5,224	11,414	47,869			
Training	2,936	1,321	2,495	2,642	3,817	4,404	3,670	2,789	4,404	4,257	5,475	11,964	50,174			
Bank Charges	3,002	1,351	2,552	2,702	3,902	4,503	3,752	2,852	4,503	4,353	5,598	12,233	51,302			
Credit Card Fees	7,089	5,350	7,655	5,370	9,008	9,785	7,910	7,088	9,785	9,242	12,544	14,534	24,933			
Loss/Shrink	2,749	1,237	2,337	2,474	3,574	4,124	3,437	2,612	4,124	3,987	5,127	11,203	46,986			
Cash Over/Short	2,666	1,200	2,266	2,399	3,466	3,999	3,333	2,533	3,999	3,866	4,972	10,864	45,563			
Initiative Expense	0	0	0	0	0	0	0	0	0	0	0	0	25,588			
Other Expense	5,968	2,595	4,732	5,011	7,238	8,351	6,959	5,289	8,351	8,073	10,383	22,688	95,149			
Total Controllable Expenses	53,454	30,860	48,022	55,175	64,916	73,788	62,322	51,036	73,433	74,508	91,772	184,282	882,408			
CORPORATE EXPENSES																
Rent/Occupancy	4,504	4,128	4,128	4,128	4,129	4,130	4,130	4,130	4,131	4,131	4,131	4,132	49,930			
CAI	8,370	7,670	7,593	7,517	7,440	7,363	7,286	7,210	7,133	7,056	6,980	6,903	88,520			
Insurance	4,639	4,251	4,209	4,166	4,124	4,081	4,039	3,996	3,954	3,911	3,869	3,826	49,066			
National Advertising	4,324	3,962	3,923	3,883	3,844	3,804	3,764	3,725	3,685	3,645	3,606	3,566	45,732			
Communications	4,729	4,334	4,291	4,247	4,204	4,161	4,117	4,074	4,031	3,987	3,944	3,901	50,019			
Depreciation/Amortization	4,955	4,540	4,495	4,450	4,404	4,359	4,313	4,268	4,223	4,177	4,132	4,086	52,401			
Contingency	4,414	4,045	4,005	3,964	3,924	3,883	3,843	3,802	3,762	3,721	3,681	3,641	46,685			
Regional Office Expense	4,396	4,029	3,989	3,949	3,908	3,867	3,827	3,787	3,747	3,706	3,665	3,625	46,494			
Loss Prevention Expense	4,638	4,223	4,180	4,138	4,096	4,054	4,011	3,969	3,927	3,885	3,842	3,800	48,733			
Customer Service Expense	4,711	4,317	4,274	4,231	4,188	4,145	4,102	4,059	4,015	3,972	3,929	3,886	49,829			
Total Corporate Expenses	49,650	45,499	45,086	44,673	44,259	43,846	43,433	43,019	42,606	42,193	41,779	41,366	527,409			
Expense Change	0	0	0	0	(4,333)	(4,333)	(4,333)	(4,333)	(4,333)	(4,333)	(4,333)	(4,333)	(34,667)			
Operating and Selling Expense	125,299	97,713	120,801	122,801	146,996	140,993	123,576	111,976	139,398	134,521	151,372	245,007	1,563,154			
Net Operating Profit	(143,844)	5,077	1,962	(2,405)	12,829	6,354	8,141	9,124	1,872	97,150	104,009	110,387	204,554			

Summary

To support company-wide business objectives, retail store development projects—such as new store construction, remodeling existing stores, divestitures, or upgrade initiatives—require capital investments and expenditures. Retailers must be able to weigh investment options, to quantify and analyze risk, and assess the financial and operational impact of business decisions. Once decisions are made, chains need the ability to reforecast plans as situations change, measure financial performance for multiple initiatives, and communicate status of initiatives to stakeholders in finance and store development, and to the appropriate level(s) of store operations hierarchy.

The IBM Cognos *Retail Store Development Planning Blueprint* helps retailers assign resources, assess project expenses, and forecast capital expenditures, as well as model and forecast project ROI based upon internal risk standards.

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