

Steinhoff Asia Pacific



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Louise Cooper, Group Planning Manager, Steinhoff Asia Pacific



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Although the name “Steinhoff Asia Pacific” may not be immediately recognisable, its 130 retail homewares and furniture outlets include some of Australia’s and New Zealand’s most popular brands including Freedom, Snooze, Bay Leather Republic, and Andersons furniture.

Whether selling internationally-sourced furniture or locally manufactured products, Steinhoff has developed an excellent reputation for customer satisfaction through an understanding of market, quality, and innovation. It was these traits that Steinhoff itself sought when looking for support in the design, development, and implementation of a new budgeting, forecasting, and planning solution.

Challenges faced

Operating in the dynamic retail environment, the company required an application that would support collection of a wide range of both operational and financial data. Steinhoff’s aim was to use this information through business rules to determine a complete planning scenario.

Previously, budgets and plans had been completed centrally by the Finance team. When planning began for the introduction of a new system, Steinhoff saw the opportunity for change. “We wanted ownership of the numbers to be with the relevant managers, to make them accountable for their targets and responsible for their results,” says Louise Cooper, Group Planning Manager for Steinhoff.

This approach of rolling out the model to relevant managers raised a number of considerations, the foremost of which was the learning curve required for the managers to operate the system. In addition, the solution would require advanced business rules, including franchise calculations, and needed to be transparent in its calculations and offer consolidation of the data to reflect company and brand results.

Industry:

- Retail

Geography:

- Australia & New Zealand

Information Needs:

- Budgeting, forecasting, and planning

Platforms:

- Windows

Solution:

- IBM Cognos TM1

Benefits:

- Decentralised budgeting and planning
- Greater ownership and accountability for store and line managers
- Ad hoc reporting and forecasting
- Data automatically pre-populated in forms, making reporting easy for managers regardless of their technical prowess
- Budgeting-cycle reduction from months to weeks

Strategy followed

Recognising the need for assistance, Steinhoff turned to Cortell Australia, part of the global Cortell consulting group, an organisation with 15 years’ experience helping clients deliver business intelligence solutions, and a partner of Cognos, an IBM company. After ascertaining requirements, Cortell introduced the IBM Cognos TM1 Financial Performance Management solution along with templates constructed in Microsoft Excel.

Key functions within the solution included the ability to deploy a model within Microsoft Excel while retaining central, traceable business rules; read-write access with instant consolidation; and control over workbooks that are then distributed to many managers.

Benefits realized

The solution has delivered an immediate return on investment. Most noticeable is the time saved by managers who do not have to work with multiple templates, consolidate data, and re-check data integrity. Business analysis has also benefited through the ability to drill down into data.

Changes to templates are no longer onerous, and can be completed on a single model rather than requiring edits to each and every template. This has given Steinhoff added flexibility in the deployment of new models, such as activity-based marketing expenditure and travel, allowing them to be deployed throughout the planning cycle.

The IBM Cognos TM1 solution supports planning by enabling data to be shared between budget and forecast scenarios. This enables Steinhoff to complete regular monthly or ad hoc forecasts as and when required. Business rules pull in the actual data and create a baseline forecast, reducing much of the workload for end users.

To ensure that senior managers understand how results are derived, the system's business rules remain transparent. Right-clicking on a number allows the rule to be easily audited using plain English. No programming language or complex syntax is required.

"The model is simple and can be easily adapted for additional store locations to be added and brought into our plans," says Cooper. "The level of expertise to drive IBM Cognos TM1 is a lot less than other planning applications I have used. I make my own changes without having to call IT."

When the budget cycle used to take months, little time or thought was given to forecasting. Now the process takes just weeks, with the application pushed out to managers on a regular cycle. Moreover, the effort required to complete a forecast is minimal, as IBM Cognos TM1 does all the hard work. Cognos brings in the actual data, pre-populates the revised forecast (using the previous month's plan), and allows managers to simply update the values based on events or changes for that period.

The Cognos application and Cortell's expertise in deploying budgeting, forecasting, and wider financial performance management applications have added a great deal of value and time savings to the planning process at Freedom, Bay Leather Republic, and other Steinhoff brands. Steinhoff can now spend more time focusing on implementing and monitoring the company strategies.

About Cognos, an IBM company

Cognos, an IBM company, is the world leader in [business intelligence](#) and [performance management](#) solutions. It provides world-class enterprise planning and BI software and services to help companies plan, understand and manage financial and operational performance. Cognos was acquired by IBM in January 2008*. For more information, visit <http://www.ibm.com/software/data/> and <http://www.cognos.com>.

**As a result of the acquisition, product names have now changed to reference IBM at the beginning of the software or service.*