



Enterprise Performance Management- Understanding the Basics

Enterprise Performance Management (EPM) is an area of software and process which is designed to guide and connect companies through the planning, analytics and reporting activities across the entire organization.

Traditionally driven by the finance organization, a primary benefit of EPM is to align the organization to a common view of performance, translating strategic objectives into operational execution. As a result, Retail EPM applications typically encompass:

- Strategy Management
- Corporate expense budgeting, forecasting
- Channel/Store planning (P&L, labor, promotions, etc.)
- Sales (forecasting, daily sales reporting),
- Marketing (promotional planning, trade analysis, CPFR)
- Human resources (workforce planning), and
- Profitability and cost management

The Essentials of EPM

1. Articulate your vision. Strategic planning and performance management

How do you make a vision a reality? Quantify your strategy and translate these corporate goals into key performance metrics and operational plans. This will guide the alignment of resources and activities necessary to ensure the successful execution of this strategy, and provide a mechanism to adapt and adjust to changing market conditions.

Strategy management frameworks, like the Balanced Scorecard, transform a strategy into a system. Strategic planning models reveal the impacts of strategic decisions on an organization's bottom line, balance sheet, cash flow, and shareholder value. They also provide feedback to decision making and enable the plan to evolve and grow as circumstances change. Fundamentally, the objective is to improve organizational performance by measuring what

matters, aligning the work people do on a day-to-day basis with strategy, focusing on the drivers of future performance, and prioritizing resources in tough economic times.

2. Look Forward. Operational and Financial planning, budgeting, and forecasting.

Above all EPM systems should enable the fast and accurate modelling of future business scenarios to provide clear visibility on the impact of the decisions currently pending. The establishment of strong, reliable forecasts and clear budgets will simplify and accelerate the company's capability to organize and steer resources.

functions, but is equally important in other areas; the accurate statement of what occurred in previous periods.

The accounting procedures and regulations that regulate how financial results are captured, recorded and communicated are complex and frequently onerous. When overlaid with organizational complexity such as multiple lines of business, multiple business entities, as well as international activities, this can generate an acute need for a system that inherently understands and accommodates this cadence. Further challenges can await with the disclosure management activities surrounding regulatory reports and electronic filings. A strong EPM process and

EPM processes and tools can be used to monitor KPIs, track the success of growth and customer experience initiatives...

This is particularly true in dynamic business environment where you are continually having to try and align customer expectations with the marketing plans and sales forecasts. EPM processes should be inherently designed with collaboration and adaptability at their core.

3. Be True. State historical performance accurately and reliably

This is a particularly critical when working in the accounting and financial planning / reporting

solution recognizes the gravity of data accuracy and ensures full compliance and accuracy.

4. Fine tune profitability, profitability and cost management

Understanding the drivers of cost and profitability is a critical element of improving performance. Having a clear picture of cost influencers will guide you to a better understanding of your most profitable customers, channels and products. Also, by aligning disconnected initiatives across the organization you can maintain a higher degree

Improve company-wide profitability through improved visibility...

of control on costs and thus increase overall profitability. For example, connecting customer segmentation, pricing, its effect on market basket, the upstream effect on supply chain, and the downstream effect on marketing, will result in a greater impact on net profitability.

Our profitability and cost management services generate business insights that give the company visibility into key customer and product profitability opportunities, in turn helping ensure pricing, distribution, and rationalization decisions are fact-based.

5. Be current. Provide up-to-the minute visibility and easily understand current performance

In the same way that historical information should be robust and reliable, current performance information needs to be equally accurate and available. Performance dashboards and scorecards are used to monitor KPIs, track the success of growth and customer experience initiatives, and communicate profitability of products and channels. Many EPM solutions will leverage investments already made into BI solutions and deliver value to the organization through analytics and scorecards to maintain a real-time knowledge of both performance and opportunities.

What is the value of EPM to my organization?

Changes from investing in EPM disciplines can be significant and far reaching, but at the very least should affect the following:

- Allow for the rapid and seamless translation of a strategic plan or update into an action plan enabling collaboration across the organization, from real estate, human resources, merchandising, etc., to ensure that they are all aligned to the same goal.
- Improve visibility and controllability of costs and a better understanding of areas of opportunity. This allows the organization to both keep costs in alignment with strategy, but also to find areas where improvements can be made to take advantage of growth opportunities.
- Reliability/reassurance by using systems that inherently understand the compliance and governance required for public companies.
- Increased efficiency in planning with less manual effort and fewer systems and paper reports

What does Columbus Consulting International bring to the table?

We are a unique agent of change in any client that we work with. As a trusted partner, we can guide, support and deliver new ways of working to a company through our:

- Deep expertise in Retail Planning - We have “sat in the seats” of our clients in corporate roles and have first-hand industry experience and understand Best Practices
- Unique mixture of strategic insight and hands on pragmatism
- Agility and flexibility in focusing on your success
- Change Management - We know how to make change stick and how to work with users/stakeholders to successfully adopt change.

We have a specific strength in EPM, with a team of professionals who have direct experience from a variety of companies across the globe.

- Our experience as retail operators provides strategic guidance to ensure focus in on the proper activities to impact change and the solutions incorporate leading practices
- As an organization, we have expertise in ALL areas of IRP; from Strategy, Finance to Merchandise and Assortment planning through to HR and Labor planning.
- Our consultants have worked for over 20 years implementing leading EPM technologies, across a variety of technology platforms, both on premise and cloud based.
- We leverage a proven diagnostic framework to ensure the proper information architecture is in place to support both short, and long-term goals.
- Our team understands that enterprise retail planning is comprised of distinct, but linked, strategic and operational process components. We understand the linkage between these processes and the systems that support them.

For more information, and to learn how we can bring about real and lasting EPM change to your company, contact us or visit www.columbusconsulting.com

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