

Case Study

Planning

Budgeting

Forecasting

Profitability Analytics

Consolidation

Reporting

Tax

The Edinburgh Woollen Mill®



Longview Application Replaces Cumbersome Spreadsheets with Fully Integrated Planning, Budgeting & Forecasting Process

Executive Summary

The Edinburgh Woollen Mill Group implemented the Longview Performance Management application to replace a cumbersome, time-consuming and error-prone budgeting and planning process based on spreadsheets, with an automated system that accelerates the budgeting process, leaving more time for finance staff to analyse and understand their financial data. By fully integrating store-level planning input with input from head office, Longview makes it easy for EWM to project a consolidated view of its business and where it's heading.

Providing Quality & Value to the 50+ Market

Founded in 1946 as the Langholm Dyeing & Finishing Company, the Edinburgh Woollen Mill (EWM) originally undertook the task of dyeing yarn on a contract basis. Its development into a country-wide retail operation began in 1970 with the opening of the group's first store in Randolph Place, Edinburgh, Scotland. Its growth since then into a chain of 300 retail shops, stretching from the north of Scotland to the south coast of England, has been driven by a combination of internal growth and acquisition of other complementary businesses.

Now a privately-held business with total annual revenue of approximately £150 million, EWM is primarily a retail operation with only limited manufacturing activity. Two-thirds of EWM stores can be found in 'high street' locations selling ladies' and men's wear for the 50+ customer, while the remaining third are specialty tourist stores whose product mix is heavily dominated by gifts and themed products based on location.

Industry

- Retail

Challenges

- Planning
- Budgeting
- Forecasting

Employees / Revenues

- £150 million

Geography

- United Kingdom

Benefits At A Glance

- Time-consuming, error-prone, manual spreadsheet tasks eliminated
- Store-level planning input fully integrated with head office input
- Faster process allows more time for understanding and interpreting data
- Web-based input templates accelerate data collection and consolidation
- Complex calculations handled easily, and flexible, granular reporting

The Challenge

Like many medium-sized companies, EWM had no formal electronic system in place to automate its business planning process. As a result, spreadsheets were still in widespread use throughout the company for producing accounts, budgets and forecasts as part of EWM's annual budget cycle and mid-year re-forecast.

Widespread use of spreadsheets

For example, heads of the 15 departments in head office, which include Accounting, Buying & Merchandising, HR, Sourcing, Marketing, Central Services and Retail Operations to name a few, were each given a spreadsheet that needed to be completed and then consolidated. With the exception of only a few electronic feeds from their GL system, this process was largely manual, and EWM financial staff constantly experienced the many problems and pitfalls that typically accompany the use of spreadsheets.

Cumbersome and error prone processes

"Although this manual approach did produce results for us, it was very cumbersome, time-consuming and error-prone," explains Andrew Selby, EWM Group Financial Controller, who goes on to add that another problem was that it didn't involve very many people. It was a very centralised process, and the stores had little involvement – it simply wasn't practical to try to collect and consolidate spreadsheets from each of the 300 stores. EWM realized that as business continued to grow, this problem would only get worse, and that a better, more-integrated system was needed to support their planning and budgeting activity.

"Budgeting had become a long and painful process using our old system"

Andrew Selby

Financial Controller, EWM Group

The only planning-type system that EWM had in place was a legacy database and reporting tool that was used to report budgeted and actual store results; but it wasn't used for any calculations or to support group-level and company-level cash flow and balance sheet reporting, all of which were being performed using spreadsheets.

"We badly needed to improve this process," says Selby. "We wanted to get all the stores involved in the budgeting and planning process, and we needed to be sure they all submitted information that would roll up to the head office level properly."

The Solution

After seeing product demonstrations, conducting customer reference calls and reviewing information submitted by three short-listed finance software vendors in response to an Invitation to Tender, an EWM selection committee consisting of the people involved in the budget process, including the Finance Director, the Financial Controller and the head of the Management Accounting department, chose Longview as their new budgeting and planning system.

"Although the products from all three potential suppliers seemed to satisfy our functional needs, the Longview application performed better," explains Selby, who goes on to add that, "Longview also seemed more interested in winning our business and we believed that they would give us the best service and support going forward."

One of the main implementation challenges EWM faced was that they needed to implement the new Longview application in less than 6 weeks in order to meet the P&L budget deadline, without allowing for any contingency. Adding to this, EWM's budgeting process included Salary planning by head, Capital expenditure planning by project and some complex calculations such as their Receipts & Payments cash flow, all of which were configured in the Longview application. They also perform Rates (UK Municipal Taxes) & Rents calculations to set up appropriate prepayments and accruals for each store.

Longview Configured Seamlessly

"Longview was able to handle all these complex calculations, and provided us with much more than just a database in which to consolidate our numbers," exclaims Selby. "After the Longview people interviewed a number of our key people, they knew exactly how to configure the system to produce what we need."

This included setting up a seamless interface between Longview and EWM's General Ledger, which provides 'actuals' data for reporting purposes and is the basis for some of EWM's budgeting and planning calculations.

End-user training for the new system was performed in two phases – initial training by Longview for three system administrators and 10 head office users, and training delivered to the stores by EWM's own finance staff as the stores were brought online with Longview.

"After providing the brief initial training and an EWM user manual that we put together ourselves, we didn't have to provide a lot of additional support to our users," says Selby. "They have found Longview to be quite intuitive and easy to use."

The Results

The Longview application has enabled EWM to replace its manual, spreadsheet-based process with an effective, automated system that not only streamlines their budgeting and forecasting processes, but also allows the stores to become fully involved by integrating store-level and head office planning input to create a single, corporate-wide plan. With Longview, custom, pre-built input templates are distributed to EWM users, including head office department heads and managers of the individual stores, via a Web interface. When data is submitted to the Longview database via this interface, it is automatically consolidated, cash flow and other calculations are dynamically performed, and various data validations, such as comparing results to previous reporting periods and highlighting significant variances, are carried out. Reports can then be quickly and easily generated in the specific formats that EWM prefers.

Longview Handles Complex Requirements

EWM has a complex reporting structure and creates reports with considerable granularity, such as by business unit, by geographical region, by like-for-like stores, and other hierarchical views. These reports are available for weekly time periods as well as the usual monthly reporting cycles. EWM's Selby says that Longview is handling all of these requirements, and adds that he can't think of anything they haven't been able to do with Longview.

"With Longview, the manual number-crunching and dataconsolidation tasks have been eliminated, leaving finance staff with much more time to review and analyse the data and manage any exceptions," claims Selby, who adds that this results in greater levels of accuracy and detail, and a better understanding of the data and how it was created.

When asked how he felt about the project overall, and the contribution of Longview to EWM's business, Selby concluded his remarks by saying that, "We got what we wanted with Longview - a fully integrated system that produces the results we need quicker, leaving us more time to look at the data and interpret it. The Longview team has been providing the level of service that we had expected and whenever we've encountered any issues, they've always been there to support us."

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About Longview Solutions

Longview Solutions helps companies manage the business of finance with a unified, scalable application that can automate any one, or combination of, the following financial processes: Planning, Budgeting, Forecasting, Consolidation, Tax Provisioning, Management Reporting and Profitability Analytics. Since 1994, hundreds of Fortune 1000 enterprises have standardized on Longview's Corporate Performance Management (CPM) software to create a single source of financial truth, realizing significant improvements in data integrity, decision support, visibility and financial transparency. Longview is based in Toronto, Canada, with additional offices in Philadelphia, Chicago (USA) and London (UK). For more information please visit www.longview.com.



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