

Acuma helps Booths trade on improved business insight

Andrew Rafferty
IT & Supply Director
Booths



Booths at a glance

- Founded in 1847
- 28 stores
- 3,300 staff
- £260m annual turnover
- 65 SAP BusinessObjects users



A growing presence in grocery retail

Founded in 1847 with a single shop, Booths is still a family-run grocery retailer today, with 28 stores across the north-west of England. It has an annual turnover of £260 million and provides employment for 3,300 people in the communities it serves. With no external shareholders or equity partners to call the shots, it has maintained steady, managed growth rather than aggressive expansion over the years, and has doubled its turnover in the last decade.

Booths' unique selling point is its regionalism, with a high proportion of locally-sourced products and close ties with the agricultural community. Its philosophy is simple: to sell the best goods available, in attractive stores, staffed with first-class assistants. But in today's fiercely contested, fast-paced retail conditions, this simple philosophy plays out in a complex environment. One characterised by an increasingly complicated network of suppliers, new retail channels, intensified competition and ever-more sophisticated pricing and promotion strategies – against a backdrop of rising commodity prices and a challenging macro-economy.

Getting the right product in the right place at the right time in the right quantities at the right price required more accurate and in-depth understanding of the business than the company's existing IT systems were capable of delivering. So when Booths looked to combine its traditional values with cutting-edge business intelligence, it turned to SAP BusinessObjects and Acuma to provide the solution.



Challenged by a lack of complete, accurate insight

The ability to understand the performance of individual products and stores as well as the overall business is fundamental to successful grocery retailing. Sales typically fluctuate from week to week, influenced by anything from consumer behaviour and store openings to cost increases and changeable commodity prices.

Booths acknowledged that limited visibility into their operations was putting them at a commercial disadvantage. They lacked access to complete, accurate transactional data – and the tools to analyse and make sense of it.

According to Julie Mills, Buying Support Manager at Booths, "Back then, we relied almost exclusively on information coming out of our warehouse management system, which was one step removed from sales. This meant we could only determine how much product was going into stores, but not what happened to it – whether it was sold at full price, marked down or thrown away as waste. What's more, product was accounted for by number of cases rather than number of units, so it was impossible to make like-for-like comparisons on sales volumes between brands with differently configured cases."

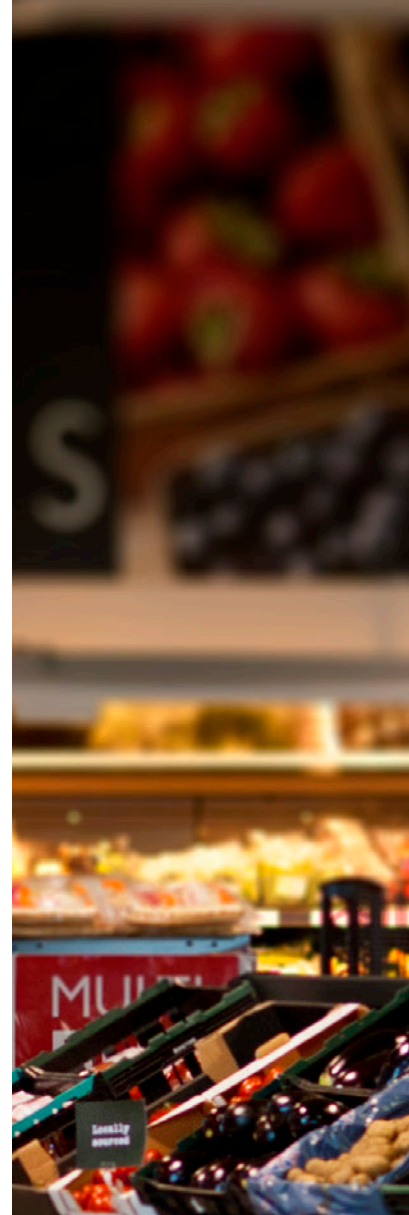
Without being able to measure the impact of changing variables on trading, Booths' staff relied on generalisations and assumptions. Decisions around key issues such as value sales comparisons and profitability by product were largely down to guesswork and instinct.

"It was difficult for us to understand how Booths as a company was faring against the competition in any given category, or indeed what our overall market share was," she adds.

In an attempt to supplement the warehouse data, Z-reads obtained from cashing up the tills were manually rekeyed into spreadsheets for analysis. But this was a time-consuming process, and prone to human error.

The difficulties caused by missing or misleading data extended to the Finance function, too. Matt Large, Commercial Accounting Controller, explains "We were spending several man days every quarter consolidating, reconciling and troubleshooting data. It was difficult to accrue retrospective promotional income from suppliers and balance the books, resulting in big swings in the P&L from quarter to quarter."

A lack of completeness and confidence in Booths' information landscape meant key personnel were expending their efforts primarily on fire-fighting rather than focusing on the grocer's profitability. What Booths needed was a fit-for-purpose business intelligence solution – one that would reduce labour-intensive and error-prone analysis, and provide more accurate and timely insight into Booths' retail operations.



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Acuma appointed to deliver a fresh perspective on retail intelligence

Booths kicked off their business intelligence project in earnest by undertaking a scoping exercise to align their IT requirements to their business aspirations. They then invited a number of business intelligence providers to tender for the implementation.

Andrew Rafferty, IT & Supply Director, explains: “Following a thorough evaluation of business intelligence solutions, SAP BusinessObjects emerged as a clear winner. It was considered to be the best available tool on the market – perhaps more sophisticated than we initially needed. But we’re a forward-thinking company: we correctly anticipated that we would grow to rely on the kind of insight that would be yielded by deeper, more complex analysis.”

Booths chose Acuma, as a leading business intelligence and data warehousing practice, from SAP’s extensive partner network. As a systems integrator and value-added reseller, they’re specialists in SAP BusinessObjects, with a particularly strong focus on the retail market.

As a Saksoft company, Acuma has a global presence but is based in the north-west of England, and could therefore offer dedicated training facilities just 30 miles away, as well as onsite training. Their doorstep location meant they could continue to support Booths as needed following the initial implementation.

A smooth and rapid implementation

Describing the project, Andrew says: “The first thing Acuma did was to gather a detailed set of requirements from us and do a systems analysis. This enabled them to present us with an accurate estimate of the time required to deliver a data warehouse and reporting solution based on SAP BusinessObjects. Next, Acuma designed, built and delivered the data warehouse and reporting layer to precisely match our requirements, and drawing on industry best practices that would add value to our deployment.”

The new data warehouse combined peripheral data such as store opening times and cashier activity from the tills’ ASCII logs with primary data from the stock management system. Acuma configured the SAP BusinessObjects universe to enable Booths’ data to be mapped to the reporting tools to create a ‘single version of the truth’.

“The development phase was in the region of 60 days,” says Andrew, “and Acuma also provided all our training following the implementation, so it wasn’t long before we were able to start taking advantage of our new, integrated business intelligence solution. The cost of the software and deployment was fully justified – it all works just as we envisioned and it would have required a level of expertise and resource that we just didn’t have in-house.”





An increasingly business-led initiative

SAP BusinessObjects was originally deployed as an IT tool, with reports generated centrally and distributed to end users. Today, however, it is an increasingly business-led initiative, with a user base of 65. Andrew observes: "There are now staff in every line of business across the company who are able to analyse trends and become more self-sufficient in terms of reporting. This means our IT department is now free to focus on maintaining the infrastructure, ensuring data integrity and providing advanced report guidance, rather than writing all the reports themselves."

Summing up the relationship with Acuma, Andrew says: "The same consultant has supported us consistently since day one, including our migration when we upgraded our SAP BusinessObjects software in 2009. We don't need a great deal of day-to-day intervention, but Acuma continue to provide both application and product support on an ongoing basis, as well as pragmatic advice on new releases and functionality to ensure our evolving needs are met. They are very much a focal point of contact for all our business intelligence and information management requirements."

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Andrew Rafferty, IT & Supply Director



Booths gain a trusted and informative view of their operations

With the introduction of SAP BusinessObjects, Booths have been able to get detailed and accurate insight into their business. While some of the analysis and reporting eliminates reliance on manual spreadsheet analysis, the most significant gain is the ability to tap into an unprecedented level of operational insight that enables Booths to stay ahead of its game.

Describing the transformation to business processes, Julie Mills says: "We're now able to provide detailed analysis of volume and value by product, cashier, store, time, date and even promotional mechanic. We can understand margins at company, store and product level. And we can report on cost by unit, case, line and store. That kind of granularity was unthinkable before, but thanks to SAP BusinessObjects, we have a new focus on metrics that enables us to make more informed decisions."

By buying in market data and combining it with their own, Booths are able to clearly communicate to buyers how they're performing in a given category and period compared to the rest of the market, and detect over- or under-trading. "With 20,000 lines, it would previously have been impossible to manually pull together that much data and put together a SKU-level breakdown before the information went out of date," says Julie.

Bringing automation to information

The benefits aren't confined to retrospective analysis: "SAP BusinessObjects allows us to generate automatic alerts when certain thresholds are approached," Julie continues. "That makes it easy to flag up a category that's underperforming and take proactive steps to turn the situation around."

As well as being able to produce monthly, weekly and daily reports, reporting schedules can be automated to run at specified times or intervals. "This means that the latest sales figures can be waiting in decision makers' inboxes first thing – known as the 'Monday morning report' – rather than having to wait for reports to run and refresh. We're increasingly making our data more visual, too: by using symbols and conditional formatting within SAP BusinessObjects, we can provide instant clarity. People find this kind of information more useful than a traditional printed report because it's easy to spot anomalies and exceptions at a glance," adds Julie.

While Booths don't require real-time transactional insight, they benefit greatly from eliminating latency in the information that underpins day-to-day operational decisions.

Andrew explains: "Timeliness of the data is as important as accuracy when it comes to promotional lines, because in this business, up to a third of grocery sales are on promotion at any one time. Making up-to-date operational and transactional insight readily accessible enables the store managers to identify why a store of a similar size and range may be performing better or worse. It also helps them to monitor levels of shrinkage and waste for each individual store and take steps to protect

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their margins. The supply control team is now able to replenish central warehouses and stores more responsively – a critical advantage for a business that trades heavily on fresh produce with a limited shelf life.”

As further reports are developed, Booths are refining their ability to take the temperature of their business, for example by assessing revenue uplift generated by product-specific marketing and advertising. Vendor management is becoming more structured and disciplined, as Booths are able to verify the percentage of orders delivered on time, on budget and in saleable condition. They're now in a position to compare supplier performance against service level agreements to strengthen their negotiations.

A unified view of the finances

As Matt Large, Commercial Accounting Controller, explains, the benefits of integrated data extend to the Finance function, too. “We are now able to pull in data from our general ledger management accounts package and combine it with the sales universe in SAP BusinessObjects. That means we can provide P&L-type reports in SAP BusinessObjects on company-wide and departmental costs. The numbers balance immediately – there's no need to upload data manually from the general ledger into a spreadsheet or spend precious time manipulating data during our busy period at month end.”

SAP BusinessObjects has played a key role in regulating Booths' cash flow by linking the promotions universe with actual sales, enabling better accounting practices around promotional income.

Matt says: “It's now easier to accrue for retrospective income from suppliers, which arises from buying product in one month and selling it out in another. Now we know how much promotional income is due from suppliers, which allows us to recover the monies earlier and reduce quarterly fluctuations.

We're not just looking at gross profit at the till but also at the secondary-level margin by taking retrospective income into account. This also equips us to more readily satisfy our auditors, as we can produce a clear, complete and current picture of our financial position at any given time.”

A vital contributor to profitable growth

For the business as a whole, the acumen achieved from combining financial and operational data now drives Booths' strategic model. With an improved understanding of costs and profitability, it becomes easier to anticipate the general direction of the business and to plan, budget and forecast accordingly – affording Booths a greater degree of certainty in the outcomes. The benefits ripple across the company, from front-line store managers to back-office workers such as space planners, category analysts and buyers, right up to the Trading Director, the CIO and the Finance department.

In summarising the impact of SAP BusinessObjects on Booths' business, Andrew Rafferty concludes: “There's no doubt the software has achieved a degree of labour-saving through automation, but the overwhelming benefit has been our ability to integrate and extract meaning from data across different sources to understand and actively drive performance. SAP BusinessObjects is now an essential application for Booths – without it, our ability to trade profitably and compete as we do now would be severely compromised.”

To find out how Acuma can help you please ring 0870 789 4126 or visit www.acuma.co.uk

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