A background image showing the lower legs and feet of several people walking on a sandy beach. The people are wearing light-colored, possibly white, clothing. The scene is brightly lit, suggesting a sunny day.

# How Thomas Cook Belgium automated their budget cycle by implementing IBM Cognos Planning

Leuven, October 22nd





---

## 1 Introduction to Thomas Cook Belgium

- 2 Budgeting problem
  - 3 Solution implemented
  - 4 Conclusions
  - 5 Questions
- 





---

## 1. Thomas Cook Group PLC today

- Thomas Cook PLC
- Group strategy
- Source markets
- Brands
- Business model

## 2 Thomas Cook Belgium today



# Thomas Cook Group plc

1 Customers	• ~22,3 mio
2 Retail outlets	• ~3.400 (owned and franchised)
3 Aircraft	• 93
4 Employees	• ~31.000
5 Turnover	• £8.8 billion
6 Hotels	• 86



# Group strategy

Our vision

We go further,  
to make dreams come true

Strategic objective

Strengthen mainstream and build longevity  
in our business

Strengthen mainstream and build longevity in our business

Growth drivers

1

Maximise  
value of  
mainstream

2

Leading  
independent  
travel provider

3

Leading  
travel-related  
financial services  
provider

4

Capture growth  
through mergers  
and acquisitions

Enablers

Product

Technology

Customer  
insight

Brands

Financial  
rigour

People and the  
PROUD values

Pioneering  
our future

Results  
orientated

Obsessed  
with customer  
service

United as  
one team

Driving  
robust  
decisions







# Number 1 or 2 in all our markets













































# Portfolio of strong brands



# Tailored business model in each market

 Strong presence  
 No presence

Market		Tour Operator	Retail	Airline	Hotels
Northern Europe	   				
UK & Ireland	 				
Belgium					
North America	 				
Netherlands					
France					
Poland					
Hungary					
Germany					







---

## 1. Thomas Cook Group PLC today

- Thomas Cook PLC
- Group strategy
- Source markets
- Brands
- Business model

## 2 Thomas Cook Belgium today



# VISION

= our identity



We go **further**  
to make **dreams**  
come **true!**



By perfectly understanding our **customers' holiday dreams** and always putting **the customer at the first place**, we make sure that all holidays become wonderful experiences. Together with our **PROUD people**, we strive for **excellence** and conduct our business in a **responsible way**. We are the **leading company** in the travel industry



# MISSION

= reason of existence

**Passionate** to translate your **unique** holiday expectations into a **carefree** holiday experience.

Committed to create **sustainable shareholder value.**



**= our culture**

# VALUES

-  Passion for our customer
-  Result focus
-  Open mind
-  Unique teamwork
-  Drive & dedication







**Market leader with 1,8  
mio clients**







Meer vakantie voor je geld.



Alles-naar-wens vakanties



## Key facts – Belgian market leadership

1 Customers	• ~1,8 mio
2 Retail outlets	• ~88 own agencies + 19 Maretours (49% owned) + 55 franchisers
3 Aircraft	• 6
4 Employees	• >1000
5 Turnover	• 907 mio €
6 EBT	• 49.3 mio €



# A vertically integrated travel group

## 1. Touroperators:

- Neckermann
- Pegase
- Thomas Cook



PEGASE

**2. Distribution:** 88 own agencies + 19 Maretours (49% owned) + 55 franchisers

## 3. Thomas Cook Airlines Belgium

- Belgian airline
- Founded in March 2002
- Fleet comprising of 6 aircraft Airbus A320
- Concept of “leisure flights”
- 1 mio customers/year
- 60% of touroperator clients are flown to destination by Thomas Cook Airlines Belgium
- 220 employees



# Our product portfolio

- Exotic holidays
- Car holidays
- City breaks
- Holidayparks
- Ski holidays
- Short break holidays
- Discover / Cruises / Motorbike holidays





## Distribution Model



- via 92 agencies
- via internet
- via call center

• Closed distribution strategy



- via open distribution
  - Independent agencies
  - Thomas Cook Travel Shops (owned/franchised)
- New media through travel agencies (information and service)

• strategy in open distribution



P E G A S E

- via open distribution
  - Independent agencies
  - Thomas Cook Travel Shops
  - New media through travel agencies (information and service)





---

1 Introduction to Thomas Cook Belgium

**2 Budgeting problem**

3 Solution implemented

4 Next steps

5 Questions

---



**As a line manager, how can I better monitor my costs?**

**Ask Planning & controlling about my budget**

**Managers should take ownership of their budget and live to it !**

**But, I don't know my budget...**

**Nobody ever asked me whether I stayed within budget**



# How to conduct the budget cycle?

## PREVIOUSLY

- Central approach
- Lead by P&C
- Very little input from the business
- Top-down
- Confusing final results
- Simulation/sensitivity analysis very difficult
- Not driver oriented
- Through many excel files linked to each other

## NEW APPROACH

- Decentralized approach
- Exercise coordinated by Planning & Controlling
- Full ownership by the departments
- Bottom-up, then top-down
- Each budget owner will be able to consult his/her budget and track actual performance against it
- Will allow simulation (what if...)
- Will be largely driver oriented
- GUI allows owner to fill out easy templates in short time frames

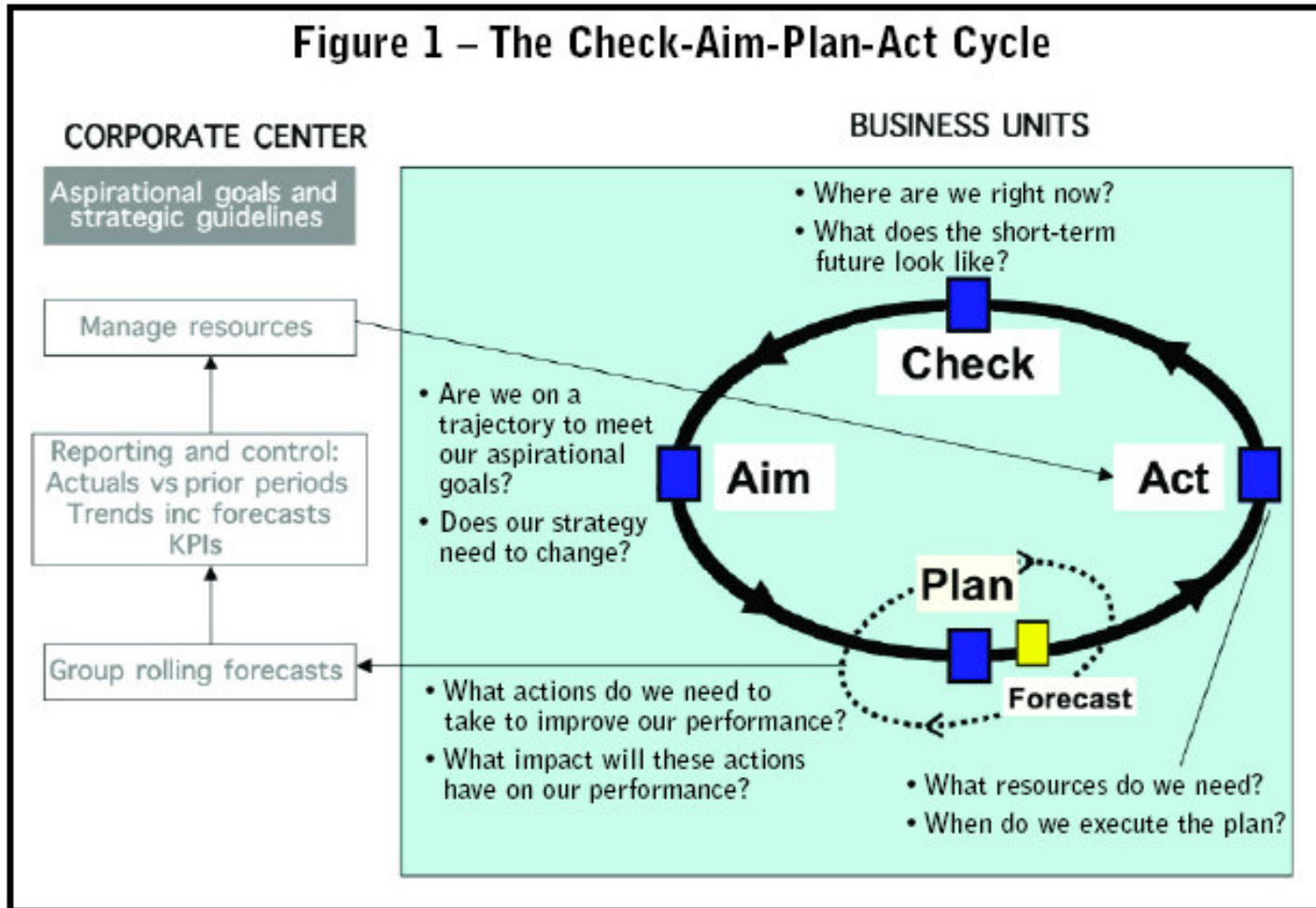
1 MAIN OBJECTIVE:



**ACCOUNTABILITY BUDGET OWNERS**

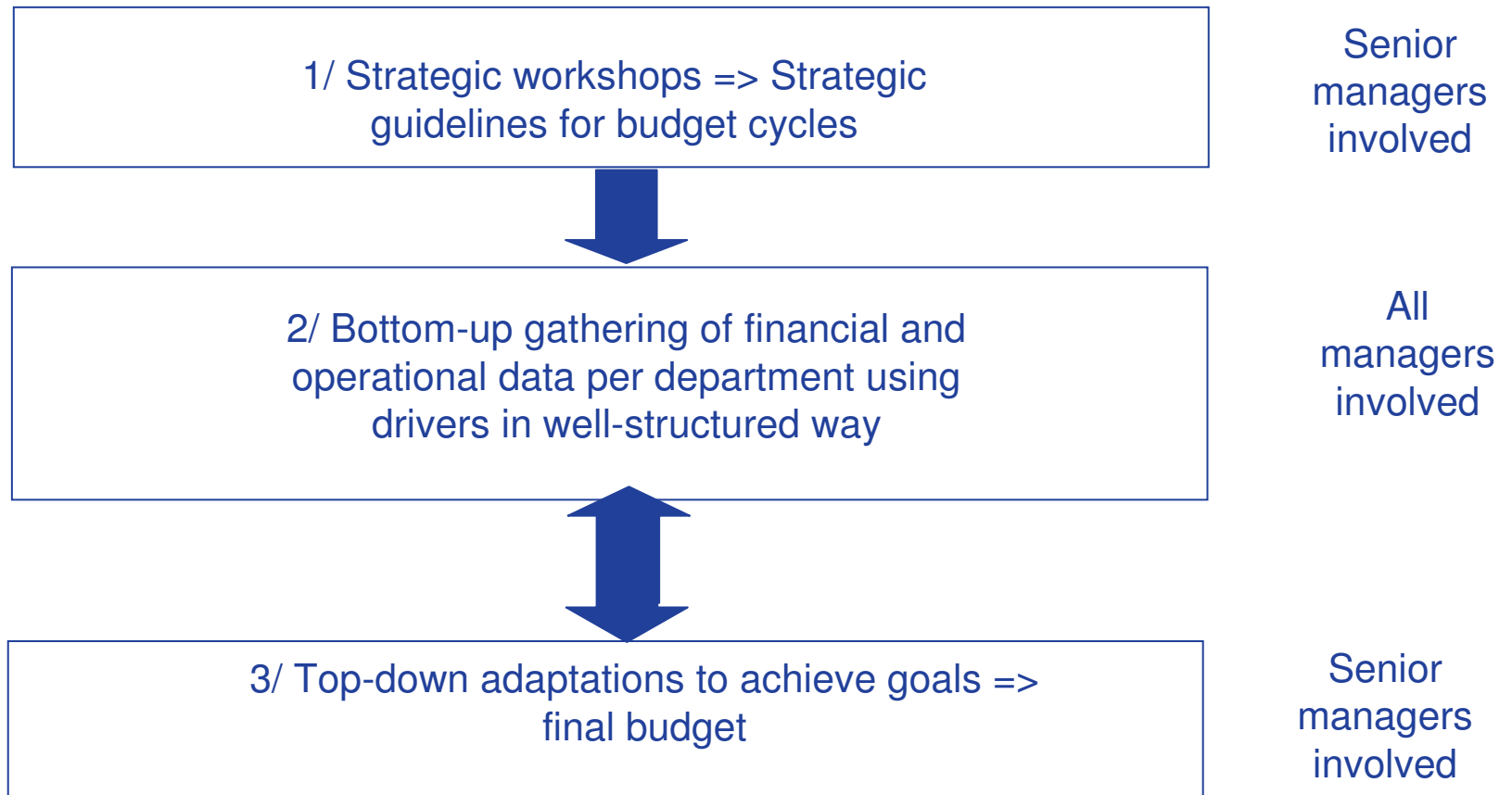


# Planning cycle as part of performance cycle





## How will that process look like?

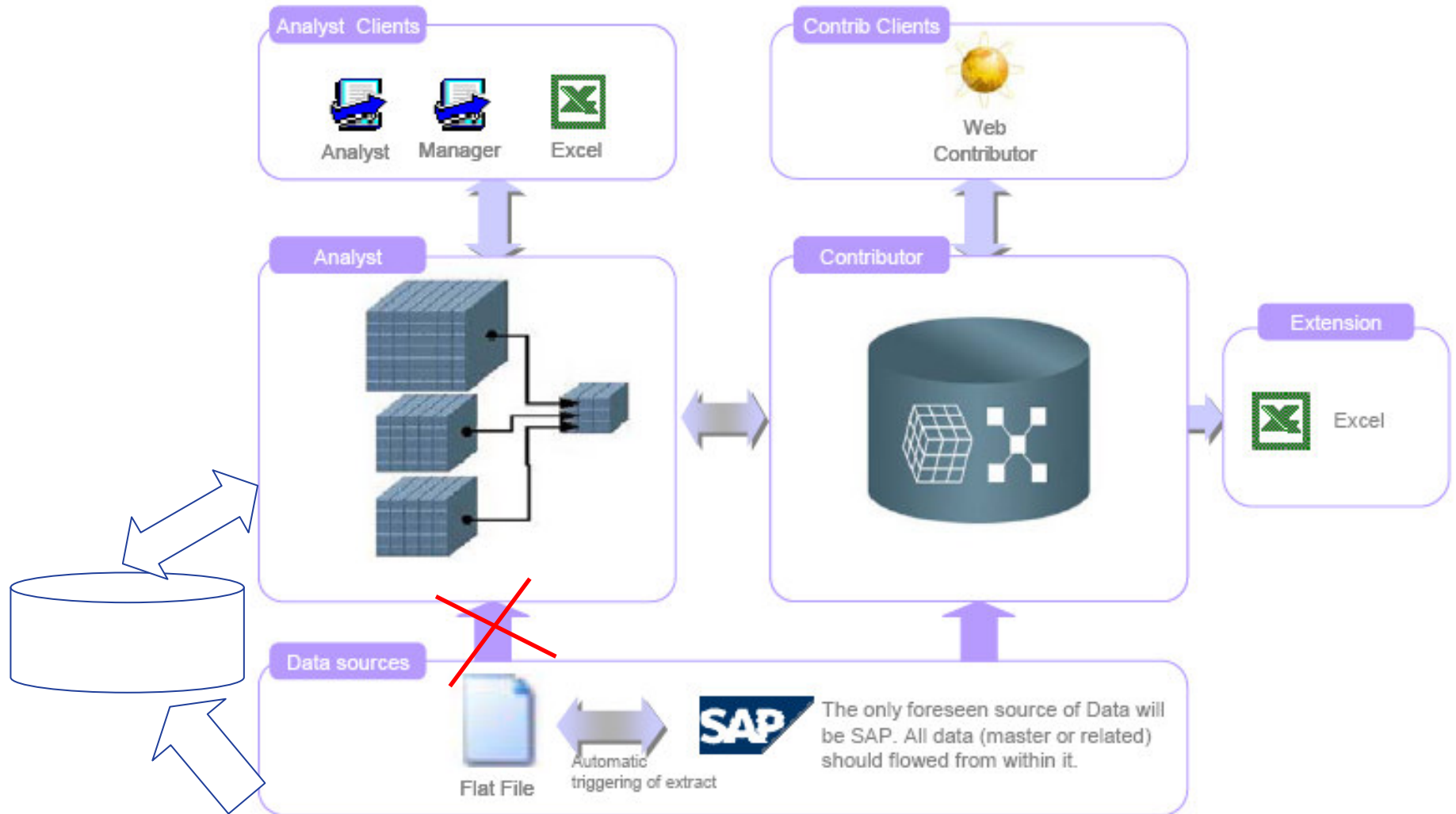


## What is in it for management?

- You will master your budget figures (“good housefather principle”)
- You will better understand what drives the costs /performance of your department
- There will be clear cut budgets (transfer pricing): working on same turnover, same personnel planning, same production FQ, etc
- For overhead costs you will be able to better document the foreseen costs in an always available tool, allowing you to make comments on the figures
- You will be able to simulate “what-if” scenarios according to the driver-oriented set-up of the model
- The overall company will spend much less time on the budget cycle



# Scoping: with or without datawarehouse...



## Choice of the technology: COGNOS Planner 8.4

- Several technologies in scope
- Choice of Cognos based on:
  - Stable partner/technology
  - Switch in group to COGNOS consolidation software
  - Proven technology
  - Interesting feature: break back
  - Interfacing with SAP ERP
  - Several reliable possible implementation partners



## Choice of the partner: Element 61

- RFP sent to 5 implementation partner companies
- Discussion afternoons with each party to discuss approach, plan, timings, expertise, etc
- Shortlist of 2 parties & final choice
- Main criteria:
  1. Quality implementation plan 10%
  2. Timing 10%
  3. Resource planning 10%
  4. Functional deliverables 10%
  5. SAP interfacing 10%
  6. Project approach 10%
  7. Presentation 5%
  8. Cost 35%







---

1 Introduction to Thomas Cook Belgium

2 Budgeting problem

**3 Solution implemented**

4 Next steps

5 Questions

---



## Thomas Cook Business Model

### Retail Activity:

Client books a holiday in a travel shop or on the web



# Thomas Cook Business Model

## Tour Operating Activity:

Thomas Cook Tour Operator (TO) purchases necessary building blocks

It offers a flight to bring the customer to his destination (airline activity)



Hotel contracting 'purchases' a hotel to give the customer a place to stay



+ ski passes, hotel animation, transportation to the hotel, etc...



## Thomas Cook Business Model

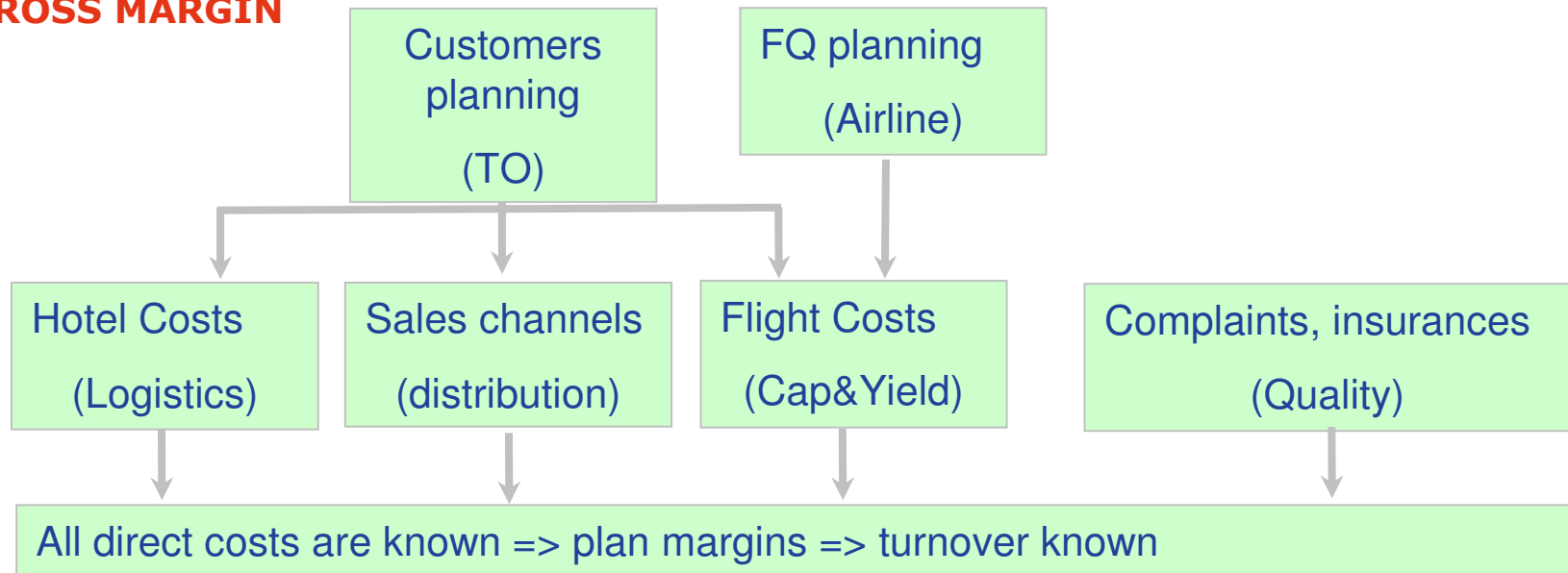
### Services:

Thomas Cook Retail, Tour Operator, Airline and Purchasing are supported by headquarters services: Finance, Marketing, IT, HR...

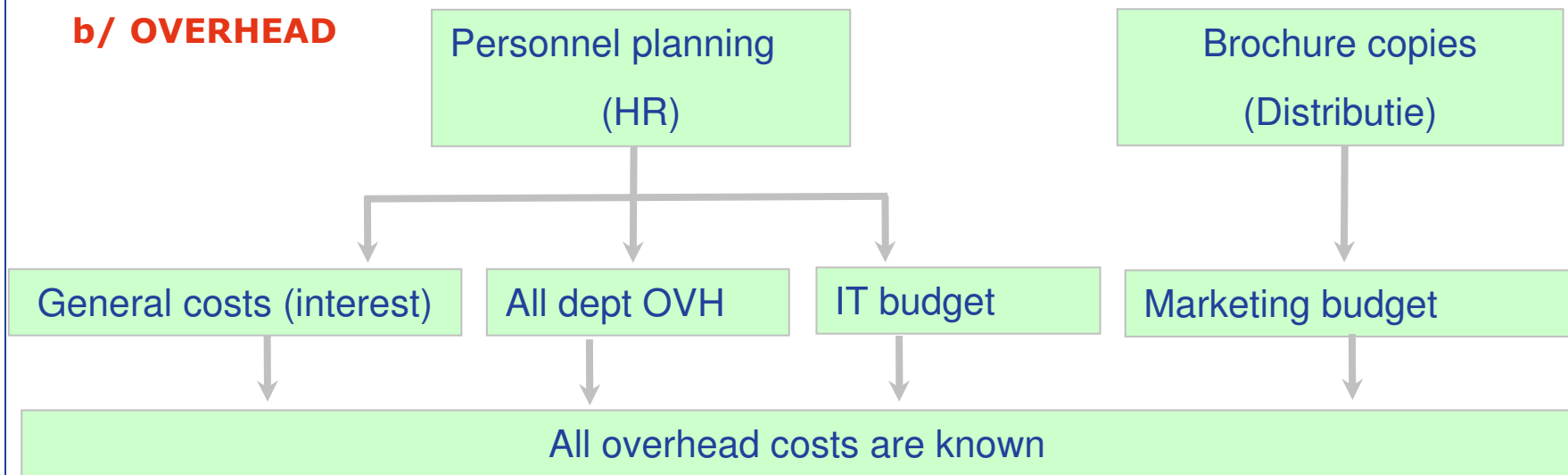


# Planning cycle: flow of information

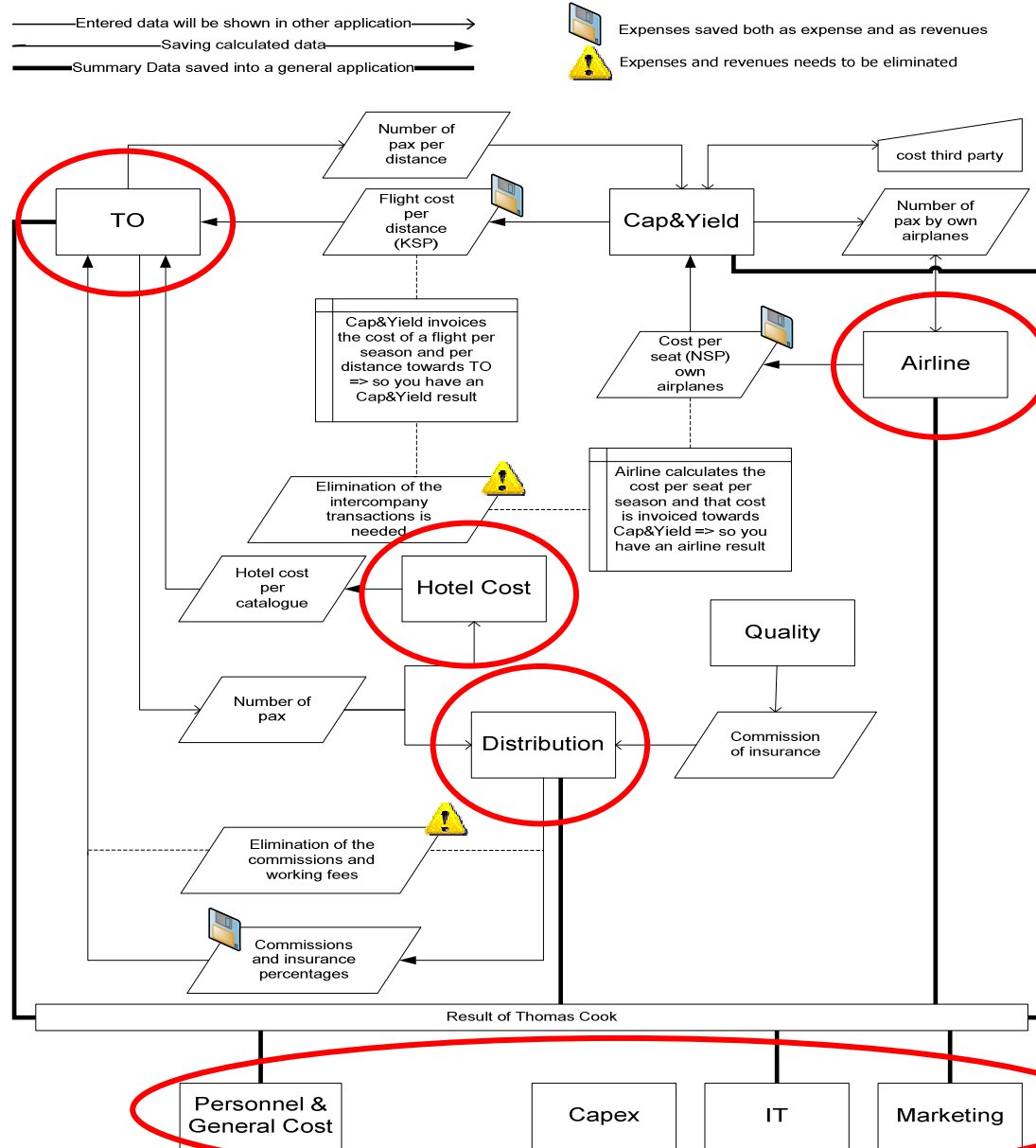
## a/ GROSS MARGIN



## b/ OVERHEAD



# How did we reflect our business model in Cognos Budget tool?




## Overview Solution

- 14 applications →
  - 600 cost centers: overhead cost
  - 350 projects & orders: IT & Marketing
  - 150 brochures
  - 2 seasons: summer and winter
  - 4 'versions': Prev Year, Curr Bgt, Curr Year, Next Bgt
  - No Data Warehouse: Access-database
- TO CarCity
  - TO Flight
  - TO Commission based
  - TO Incentives
  - Airline
  - Cap & Yield
  - Logistics
  - Distribution
  - IT
  - Marketing
  - Overhead
  - Payroll-model
  - Inter-Intra-Company
  - P&L overview



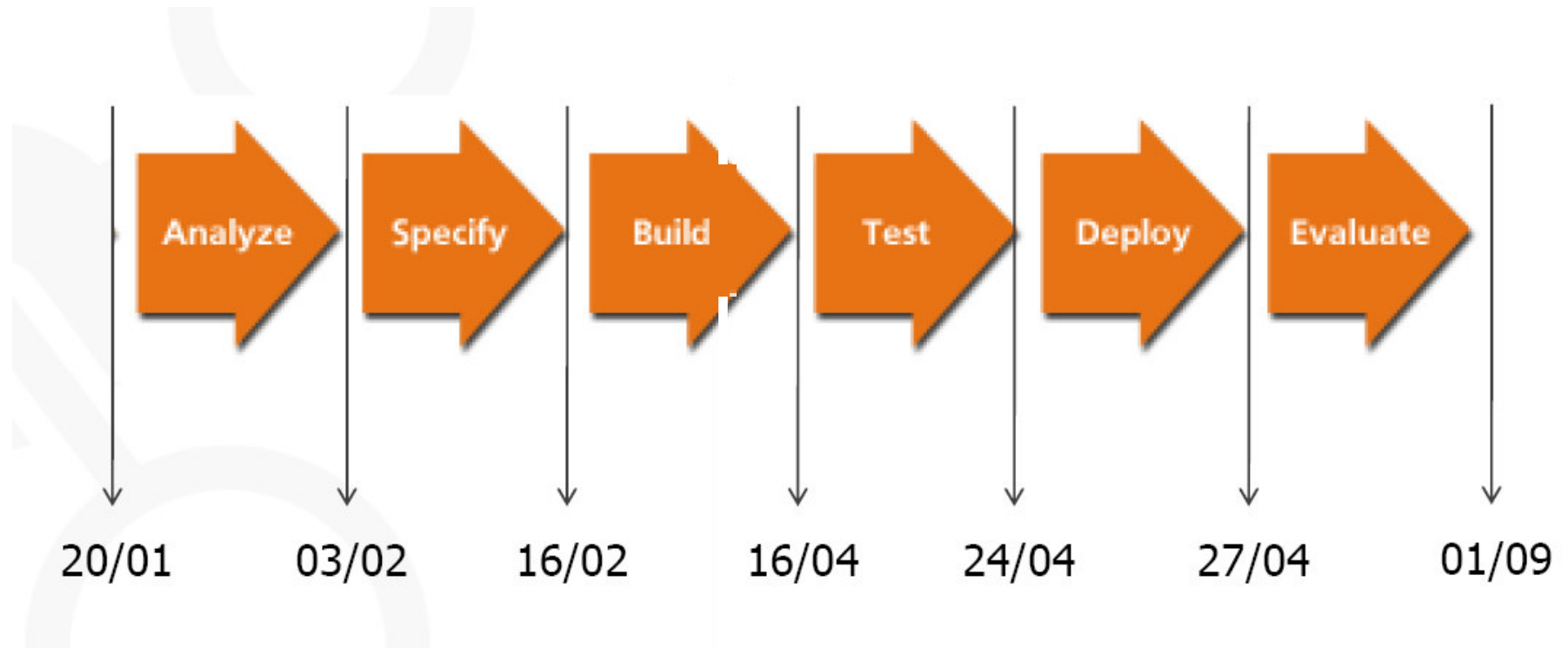


## Overview People Involved









- 1 Consulting agency 
- Controlling department
- No Involvement of Local IT
- 3 'builders': February 09 – May 09
- 42 users: divided in 'contributors' & 'reviewers'
- 1 administrator: important role!








## High level project plan



## High level project plan: days spent implementation partner

	PLAN	(02/02/2009)
 Analyse	:	10 days
 Specify	:	10 days
 Build	:	39 days
• Of which, software install	-	2 days
 Test	:	6 days
 Deploy	:	12 days
• Of which, training	-	6 days
 Evaluate	:	8 days ( May – Sept )
 TOTAL		85 days
 SAP extractie		8 days

## High level project plan: days spent Thomas Cook resources

 Analyse	:	10 days
 Specify	:	10 days
 Build	:	120 days
 Test	:	40 days
 Deploy	:	40 days
<ul style="list-style-type: none"><li>• Of which, end user training -</li></ul>		2 days
<ul style="list-style-type: none"><li>• Of which, user documentation -</li></ul>		10 days
<ul style="list-style-type: none"><li>• Of which, admin documentation -</li></ul>		15 days

TO Commission Based - Microsoft Internet Explorer

Address: http://tcwbe0002/cognos8/cgi-bin/cognos.cgi

Contributor: Administrator | Log off | Launch

Contributions

- GB01-SAI-0620-Sailing
- GB01-ZEP-0620-Zeppelin

Name	State	Ownership	Reviewer	Last Data Change
<a href="#">(All)</a>		<a href="#">Email All</a>		
<a href="#">GB02-0001033000-Manager OD</a>	Work In Progress	<a href="#">Isabelle Dombret</a>	<a href="#">DI-GB02-0002300000 SUBMIT</a>	18:09:21 - maandag 28 september 2009
<a href="#">GB02-0001033001-SMqr Antwerpen/Limb.</a>	Work In Progress	<a href="#">Kurt Bostyn</a>	<a href="#">DI-GB02-0002300000 SUBMIT</a>	14:23:40 - vrijdag 18 september 2009
<a href="#">GB02-0001033002-SMqr Oost/West-VL</a>	Work In Progress	<a href="#">Kurt Bostyn</a>	<a href="#">DI-GB02-0002300000 SUBMIT</a>	14:23:38 - vrijdag 18 september 2009
<a href="#">GB02-0001033003-SMqr FR/Heneqouwen</a>	Work In Progress	<a href="#">Kurt Bostyn</a>	<a href="#">DI-GB02-0002300000 SUBMIT</a>	14:23:38 - vrijdag 18 september 2009
<a href="#">GB02-0001033004-SMqr Luik/Namen/Lux</a>	Work In Progress	<a href="#">Kurt Bostyn</a>	<a href="#">DI-GB02-0002300000 SUBMIT</a>	14:23:37 - vrijdag 18 september 2009
<a href="#">GB02-0001033005-SMqr Brussel/Brabant</a>	Work In Progress	<a href="#">Kurt Bostyn</a>	<a href="#">DI-GB02-0002300000 SUBMIT</a>	14:23:37 - vrijdag 18 september 2009
<a href="#">GB02-0001031000-Manager CC</a>	Work In Progress	<a href="#">Isabelle Dombret</a>	<a href="#">DI-GB02-0002301000 SUBMIT</a>	14:23:35 - vrijdag 18 september 2009
<a href="#">GB02-0001034362-CC B2C</a>	Work In Progress	<a href="#">Isabelle Dombret</a>	<a href="#">DI-GB02-0002301001 SUBMIT</a>	18:09:20 - maandag 28 september 2009
<a href="#">GB02-0001031500-CC B2B</a>	Work In Progress	<a href="#">Isabelle Dombret</a>	<a href="#">DI-GB02-0002301002 SUBMIT</a>	14:23:34 - vrijdag 18 september 2009
<a href="#">GB02-0001032001-E-com Nvb-Site</a>	Locked	<a href="#">Administrator</a>	<a href="#">DI-GB02-0002302000 SUBMIT</a>	14:16:11 - vrijdag 18 september 2009
<a href="#">GB02-0001034376-E-commerce NVB</a>	Work In Progress	<a href="#">Isabelle Dombret</a>	<a href="#">DI-GB02-0002302000 SUBMIT</a>	18:09:19 - maandag 28 september 2009

→ Status  
 → Owner  
 → Info

+ GB01-0002104020-WE Weg Neckermann  
 + GB01-0002104060-Hotelcheque NVB  
 + GB01-0002108080-Overhead TO Car

Done | Local intranet | Start | Inboxes | Cognos-day | Presentatie Thom... | cognos-day - Micr... | TO Commission ... | SnagIt Capture Pr... | 10:35



	Full Year	October	November	December	January	February	March	April	May	June	July	August	September
006 Pax City	16										9	5	1
<b>007 Tot Pax Flight</b>	<b>16</b>	<b>0</b>							<b>0</b>				
008 Pax Bus	1.385								56	1			
009 Pax Train	15												
010 Pax Own Car	74.518	986					2.433	3.054	6.927	36.211	21.045	3.862	
<b>011 Total Pax</b>	<b>75.934</b>	<b>986</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2.479</b>	<b>3.110</b>	<b>7.059</b>	<b>36.913</b>	<b>21.452</b>	<b>3.935</b>	
056 Pax per destination total	75.934	986					2.479	3.110	7.059	36.913	21.452	3.935	
<b>057 check Pax</b>													
015 Hotel Needed		YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
021 Cost per seat City		197						239	223	204	225	208	202
<b>026 Flight Cost City</b>	<b>3.465</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>204</b>	<b>2.021</b>	<b>1.039</b>	<b>202</b>
<b>027 Total Flight Cost</b>	<b>-3.465</b>	<b>0</b>	<b>0</b>										<b>-202</b>
058 Cost per seat Bus		95											95
<b>059 Total Bus Cost</b>	<b>-131.944</b>	<b>0</b>	<b>0</b>										<b>-6.768</b>
060 Cost per seat Train		76						95	93	89	84	76	70
<b>061 Total Train Cost</b>	<b>-1.209</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-89</b>	<b>-672</b>	<b>-378</b>	<b>-70</b>
<b>062 Total Transport Cost</b>	<b>-135.618</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-4.388</b>	<b>-5.344</b>	<b>-12.683</b>	<b>-67.932</b>	<b>-39.231</b>	<b>-7.041</b>
099 Hotel Cost	-21.448.774	-277.529						-700.457	-878.174	-1.994.065	-10.427.757	-6.059.849	-1.110.942
068 Brand Factor Hotel Cost	11	1	1	1	1	1	1	1	1	1	1	1	1
<b>028 Total Hotel Cost</b>	<b>-22.457.958</b>	<b>-252.634</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-421.876</b>	<b>-728.446</b>	<b>-2.128.190</b>	<b>-11.508.772</b>	<b>-6.416.190</b>	<b>-1.001.849</b>
029 Transfer	-8.249	-22	0	0	0	0	0	-274	-331	-768	-4.070	-2.361	-422
<b>063 Total Transfer</b>	<b>-8.249</b>	<b>-22</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-274</b>	<b>-331</b>	<b>-768</b>	<b>-4.070</b>	<b>-2.361</b>	<b>-422</b>
063 Handling	-32.624	-89						-1.084	-1.311	-3.038	-16.099	-9.334	-1.669
<b>064 Total Handling</b>	<b>-32.624</b>	<b>-89</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1.084</b>	<b>-1.311</b>	<b>-3.038</b>	<b>-16.099</b>	<b>-9.334</b>	<b>-1.669</b>
055 Animatie	-28.071	-504						-919	-1.110	-2.576	-13.639	-7.908	-1.415
<b>066 Total Animatie</b>	<b>-28.071</b>	<b>-504</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-919</b>	<b>-1.110</b>	<b>-2.576</b>	<b>-13.639</b>	<b>-7.908</b>	<b>-1.415</b>
030 Extra	-19.727	-264	0	0	0	0	0	-649	-783	-1.818	-9.628	-5.585	-999
<b>067 Total Extra</b>	<b>-19.727</b>	<b>-264</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-649</b>	<b>-783</b>	<b>-1.818</b>	<b>-9.628</b>	<b>-5.585</b>	<b>-999</b>

Dimension: Season

Dimension: Version

Dimension: Drivers per catalogue

## Pro's (1)

- Possibility to filter certain data 'make

	005 Curr Year - Int	008 Next Bud - Int
<b>Konsys P&amp;L</b>	<b>990.887</b>	<b>1.371.742</b>
0000T_3000-Net Sales	13.413.247	14.474.550
0000T_3100-Sales from TO business	13.564.717	14.581.645
0000G_3110-Sales from Tour Operator Business	13.564.717	14.581.645
0000T_3700-Other Sales	44.468	131.028
0000G_3710-Sales from Marketing Initiatives		90.241
0000G_3740-Income from Cancellation Fees	44.468	40.787
0000T_3800-Sales Deductions		-1.434
0000G_3800-Sales Deductions		-1.434
0000T_3900-VAT	-195.938	-236.688

	October	November	December	January	February	March	April	May	June	July	August	September	Full Year
<b>Konsys P&amp;L</b>	<b>139</b>	<b>-619</b>	<b>-52.331</b>	<b>-108.024</b>	<b>-131.654</b>	<b>-58.423</b>	<b>-54.780</b>	<b>-5.988</b>	<b>-23.780</b>	<b>-73.119</b>	<b>-23.018</b>		<b>-531.598</b>
0000T_4000-Expenses for Touristic Services	139	-619	-52.331	-108.024	-131.654	-58.423	-54.780	-5.988	-23.780	-73.119	-23.018		-531.598
0000T_4100-Expenses from Airline business	139	-619	-52.331	-108.024	-131.654	-58.423	-54.780	-5.988	-23.780	-73.119	-23.018		-531.598
0000G_4110-Expenses from Airline business & Other	139	-619	-52.331	-108.024	-131.654	-58.423	-54.780	-5.988	-23.780	-73.119	-23.018		-531.598
0041101010-TO - Chartervluchten													0
0041101019-TO - Overriding airliners													0
0041101020-TO - Lijnvluchten	139	-558	-50.780	-100.337	-121.860	-68.096	-52.261	-6.640	-23.631	-73.639	-22.987		-520.652
0000T_4900-Other Touristic Expenses						-96.511							-87.697
0000G_4900-Other Touristic Expenses						-96.511							-87.697
0000T_5000-Other Operating Income & Expenses						-1.426							-1.426
0000T_5400-Personnel Expenses						-1,426							-1,426
0000G_5410-Wages and Salaries						-1,426							-1,426

- Built-in exc

- Upload of large quantities of data possible



## Pro's (2)

- Easy status follow-up of individual cost centers/brochures/...
- Very few issues with newest version





## Con's

- Total overview of status: not easy to get full overview (who has entered which data, when, etc)
- Reconciliation of Turnover TO and turnover retail
- Full parent-child tree of SAP not implemented in Cognos
- Reporting ACT vs BUD not sufficient
- Large data-input for contributors (eg all travel agencies)
- Boundaries of the tool:
  - Input of allocations not possible due to complexity
  - Top-down model didn't succeed (yet)





---

1 Introduction to Thomas Cook Belgium

2 Budgeting problem

3 Solution implemented

**4 Conclusions**

5 Questions

---



## Conclusions

- Positive result, still room for improvement
- Good preparation is fundamental (50% of total effort)
- Buy-in from senior management is necessary (to sell the project & to guarantee successful use of it)
- Don't underestimate the work
- Works without DWH, but could work better integrated
- Keep it simple!
- It is a business project, not an IT project





- 
- 1 Introduction to Thomas Cook Belgium
  - 2 Budgeting problem
  - 3 Solution implemented
  - 4 Conclusions
  - 5 Questions**
- 

