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*Will Dresner, Group Financial Controller at Hobbs*



Hobbs opened its first store in Hampstead in 1981. With its fresh flowers, distinctive interiors, and collections that offer a range of fashion, shoes, and accessories, the company has grown into one of the most successful names on the high street. With over 120 stores and concessions throughout the UK and Ireland, it is not merely the fashions that have changed at Hobbs; the company has transformed its financial and management culture over the last few years.

### Challenges faced

An initial management buyout in 2002 first highlighted the limitations of the Spreadsheets planning application that Hobbs was then using, not only in its ability to produce consistent, accurate numbers, but in the lack of scenario planning and forecasting functionality required by the due diligence process. With a second management buyout looming in 2004, Mike Trotman, then Hobbs' Finance Director, knew that to face the rigors of the management by objectives (MBO) process, Hobbs would need to find a faster, more responsive planning solution. The Hobbs finance team felt that the existing Spreadsheets planning application took a simplistic approach to assumptions on variables such as overhead allocations, and did not reflect the newly created departmental structure.

“We had tried to adapt Spreadsheets, but always felt that the output was suspect,” explains Trotman. “In order to meet the evolving planning needs of the business, as well as deliver answers to the testing questions regularly placed by private equity partners and the bank, we needed to rethink our forecasting, budgeting, and reporting process. We wanted to build a model that would replicate the complexities of our business, with the ability to allocate overheads, and also perform detailed cost analysis at a departmental, warehouse, and logistics level.” A solution from Cognos, an IBM company, would prove to answer Hobbs' challenges.

### Strategy followed

Having examined the market to find the right combination of software functionality, consultancy advice, and project support, Cognos partner Inca became the obvious choice to provide IBM Cognos Planning. With a further MBO just eight weeks away,

#### Industry:

- Retail

#### Information needs:

- Financial planning and consolidation

#### Platform:

- Sun

#### Solution:

- IBM Cognos Planning

#### Benefits:

- Accuracy and consistency of forecast figures
- Implementation of the technology in eight weeks
- Budget preparation for financial year much quicker than previously
- Simple, easy-to-use, yet robust planning tool
- Fewer errors in the budgeting and forecasting process, while maintaining a strict audit trail
- A large variety of business planning tasks accomplished, including analysis, quarterly forecasting, and variance analysis

Trotman took the decision to deliver the forecasting phase of the project. “Inca was the right partner to help us build a project plan and deliver on time despite the aggressive timescale. Inca's approach was efficient and we used them to validate our approach and results.” The Cognos forecasting model was delivered on time for the MBO process, which required four rounds of due diligence by different parties. With the legal requirements placed on directors, there was a specific need to ensure the accuracy and consistency of the forecast figures. The ability to apply a strict audit trail to all adjustments in Cognos provided Hobbs with a level of transparency that would have been impossible to achieve using Spreadsheets.

Cognos was initially implemented with the company MBO in mind, but in 2007 it was time to see how Cognos could work within the operational business, and

to move towards more detailed every-day concerns of the finance team. Trotman, having successfully implemented the system, moved on to another project for a different business, and the task now fell to Will Dresner, Group Financial Controller at Hobbs, to further the planning and forecasting requirements of the business. "The original model was relevant for the time, but our needs had changed, and it was vital to update the model," Dresner comments.


Not having been involved with the initial build, Dresner wanted to ensure not only his understanding and control of the model, but also make certain that the rest of the finance team were comfortable with Cognos. The previous model was very intricate with various what-if structural scenarios regarding the complex MBO. Dresner says, "By 2007 we knew the structure of the future, so the need for the tool was very different. We still wanted to be able to conduct what-if scenarios, but in a more simplistic operational form." Simplicity would be a key part of the rebuild. Dresner goes on to say, "It had to be simple and easy to follow, yet complex enough for our needs, and initially we were concerned this would be no easy feat."

Hobbs' Customer Account Manager at Inca demonstrated to Dresner and his team that Cognos was still the solution they needed. Dresner enthuses, "Having attended a training course, I could immediately see the possibilities of the software not only for finance but for the entire business." By attending the course and discussing their needs with Inca, Dresner and his colleagues were suitably impressed, and decided to move forward with Cognos.

The actual process of the rebuild was very much a collaborative effort between Hobbs and Inca. "By working closely with an Inca consultant throughout the process, we worked out first exactly what outputs were expected, and worked backwards from that," Dresner continues. "We were conscious from the start that once the project was completed it would be our baby, so to speak." Throughout the process, Dresner was conscious that once the consultancy was completed, Hobbs would be enabled to adapt Cognos to the company's needs and would not need further consultancy. Dresner remarks that to have had someone come in and force set rules on Hobbs would have been a disaster. Inca proved to be very flexible. "The consultant understood what was wanted, encouraged us to come up with our own ideas, and helped us when we were struggling," he says.



[www.incasoftware.co.uk](http://www.incasoftware.co.uk)

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## Benefits realised

The model rebuild did not take long, and from the start, Dresner felt able to adapt and mold the tool. The interaction with the company's accounting software, Sun Accounts, was very straightforward and information is regularly passed between the systems. The rebuilt model was used to prepare the budget in January 2008 for the following financial year. Dresner found the system to be a lot quicker, as a lot of the complexity of the previous build was removed, but the core principles remained the same.

"I definitely feel we have ownership of the system now," says Dresner, "and the finance team is more confident in maintaining the model, which we are able to tweak regularly." Hobbs now uses Cognos to run quarterly re-forecasts, and Dresner notes that "there are a lot less errors in the budgeting and forecasting process now. Using Spreadsheets for the process, it was a nightmare re-checking the data; with Cognos we haven't actually seen any errors." Another benefit of the Cognos model rebuild has been keenly felt by Dresner. "We now have more time to analyse our data and take actions—this was a key issue for us, and the opportunity to slice and dice in Cognos is now fantastic."

Hobbs has many plans for using Cognos across the business, and has already started using the product for consolidated reporting, "although not as much as I'd like," remarks Dresner. "I would like to go further with this, and as such have recently discussed Cognos business intelligence solutions with Inca, although this is very much in the early stages." There is also still a possibility of using Cognos for merchandise and product planning.

Dresner closes by saying, "The idea in 2007 was to just use Cognos for annual budgeting. We now use it for quarterly forecasting, some reporting, and variance analysis, and definitely want to consider Cognos for producing reports. I'm very aware of the many capabilities of this product."

## 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.*