The man with the Anaplan

How businesses can use enterprise data – from corporate strategy to the smallest unit – was discussed during a *Financial Director* web seminar

Whether you are developing new products, launching into new territories, rolling out new stores and increasing headcount, it is unlikely that analysis of past performance will yield many valuable clues as to future performance. Instead, organisations need to take the opportunity to fundamentally rethink the way they plan and forecast.

For Eat CFO Strahan Wilson, doing so is pivotal given the highly competitive market in which the company operates: it boasts names including Pret A Manger, Upper Crust, Itsu, Wasabi, Caffé Nero, Costa, Leon and Starbucks.

Eat operates more than 100 outlets throughout the UK, overwhelmingly concentrated in London. It has grand plans and aims to double in size in the next three years – and do so without expanding the 20-strong finance team, which also has an additional ten team members in IT.

And it is going to be the radical overhaul of the chain's IT systems that will allow it to grow without expanding the finance function.

Eat has radically overhauled its IT systems to support growth

Upon his arrival at Eat in December 2013, Wilson has found a business rapidly outstripping its finance capability. And so, before he can approach the challenge of expanding in the UK, he first has to complete the job of modernising the finance function, starting with moving things from spreadsheets and files onto a more sophisticated system.

"The environment I inherited was probably very typical of IT and finance functions across the country," Wilson told *Financial Director* in a web seminar sponsored by Anaplan, the planning cloud for sales, finance, operations, and HR. "We had evolved a planning solution through Excel because it was a logical place to start."

As the business expanded to include more stores, additional complexity was added until the limitations of the spreadsheet and database programmes were reached, Wilson explains.

"While it worked, it was enormously resource-intensive," he says.

"I did a quick audit when I joined to work out where we were spending our time and what we were spending it on. About 40% of our time was spent on either maintaining or planning. While planning has a purpose, it should never take up that amount of time."

Ideally, Eat sought to "leverage the internal skillset" – which was predominantly Excel-based – in order to have "an enterprise-strength system but with the flexibility and simplicity of Excel", Wilson adds. The implementation took about three months to fully replicate the planning system that the business had.

"In terms of resource across the function, we're probably now at 10%," Wilson says.

Checks, balances and governance

Growing so quickly must have an impact on headcount, which can lead to inefficiencies. That being the case, a high degree of confidence in the information is necessary if a strategy is to be decisively executed. However, advanced cloud-based systems are simply a framework, and if junk is put in, junk will be produced at the other end too.

"You still need checks, balances and governance," Anaplan's UK managing director Ian Stone acknowledges. "I think what you don't want to do is replicate, with multiple departmental implementations creating bigger problems."

That, explains Wilson, is why he and his colleagues devoted so much time to building the framework in the first place, with the requisite authorities and workflow, so he and his colleagues are sure the system is fit for purpose.

"We don't have to make those compromises anymore," chief executive of FSN Gary Simon explains. "You can allow people to have this continuous access and to focus on the analysis of the business, rather than manipulation of the numbers."

That granularity opens up another exciting area for business in the form of greater product mix. For Eat, Londoners' adventurous palates and full wallets allow for greater innovation at what Wilson describes as "reasonable" rates. As such, there's a balance to be drawn up between taking on a new area and further developing a strong offering in London.

Sophisticated forecasting allows Eat to better target particular products based on their sales, as orders are made with same-day consumption in mind.

"Our role is to leverage technology to optimise our order to match the demand that exists. We have an algorithm which the store managers use as a guide. Where we're moving to is more sophisticated and we'll be able to deliver more accurate forecasts, allowing users to place orders reflecting the demands of each store's clientele – and that translates into hundreds of thousands, if not millions, in savings," Wilson says.

Supply chain management

Then, of course, there is supply chain management, which in the case of Eat is extremely important given the one-day shelf-life of its products.

"It starts with your sales forecast," Wilson says. "If you have a good idea of what you're going to sell, you have a good idea of what you're going to have to order. Historically, because it was on spreadsheets, it was, 'Well, last year we sold this much, so I reckon I'll sell a couple of percent more, and therefore I'll do this.' What we've got now is our product sales by store, by line, by week. So we know across the estate what each product will be in each store. Because we know what that volume is, it makes the whole supply chain much easier."

Those same capabilities make sizing up acquisition targets far more detailed, allowing CFOs much greater certainty in their eventual decisions.

Strahan Wilson

Strahan Wilson is chief financial officer at cafe chain Eat, which has more than 100 stores in the UK and plans to double its business in three years.

He joined the business in December 2013, having previously held senior finance roles at Burger King and KFC. He originally qualified as an accountant with Arthur Andersen.

Gary Simon

Gary Simon is a highly sought-after lecturer and trusted provider of thought leadership and analysis about finance and business systems for CFOs around the world. He is a fellow of the British Computer Society, a chartered IT professional, a fellow of the Institute Of Chartered Accountants in England and Wales, a graduate of Queen Elizabeth College (now Kings), London University and the author of four books on financial software and information systems.

After 17 year as a consulting partner he set up his own highly successful publishing house – FSN Publishing Limited – in 1995 and works extensively as a popular market analyst, running FSN's popular Modern Finance Forum on LinkedIn for more than 36,000 CFOs around the globe.

Ian Stone

Ian Stone is Anaplan's UK managing director, and has also held similar roles at Vue analytics, Inca Software and Infocube.

"It gives the acquirer real insight," claims Anaplan's Stone. "It allows you to make a decision based on the impact and synergies of that transaction, and not only in acquiring but also in the 'business-as-usual' elements to see those changes through."

FSN's Gary Simon adds that one of the challenges in mergers and acquisitions is reconciling and establishing functional systems after the deal.

"With a cloud-based system, you can just roll out the same forecasting system as well," he says. "It's a win-win. You buy the business, you know more about it before you buy it, and you can use the same system afterwards."

The beauty of scalability

Similarly, he suggests, reorganisation becomes a far simpler, digestible task under a unified, agile cloud-based system – whether you're downsizing or upsizing your operation.

"The beauty of it is the scalability," Eat's Wilson notes. "Excel is flexible, but it's limited by its scale. You either move into separate spreadsheets or you open the monster of all spreadsheets and it becomes completely unmanageable. In a cloud-based solution where scalability is simply not a problem, you go to the level you want to understand and you let the planning system do the heavy lifting and you get the answer you want."

This high-level participation is very much material in terms of the value and quality of the information gleaned, says FSN's Simon. With retailers, for example, managers and staff bear witness to what takes place on the floor, and so – say, in the event of roadworks affecting footfall – the next forecast can take account of that impact.

"Previously, you just didn't have the ability to engage with what is happening at the coalface," he says.

"The operational and planning side could not respond to the data. Just imagine your end users are farmers. They're not accountants; they don't want to see grids. They don't want to see complex calculations. They want to see something they can use – and with a cloud-based application, that's sensibly configured to use driver-based budgeting so the complexities are behind the scenes and you're talking to them in a language they can understand. And then you can build up a very accurate forecast very, very quickly." ■