



Prestige
Beauty Retailer



CUSTOMER STORY

Finance gets a makeover at a leading beauty retailer

At a personal care and beauty products company, rapid financial forecasts support agility in an always-changing market

Industry: Consumer Goods & Retail

Solution: Finance

Updating finance forecasts quickly following changes to sales projections is the foundation for success for this famed beauty retailer. However, forecasting was blemished by a complex, inefficient process that was managed using legacy technology. The company required a solution enabling cross-functional teams to work on forecasts in parallel, see data in a consistent way, and discover information that previous systems sometimes concealed. With Anaplan, this company has live, interactive dashboards instead of static reports, a shared forecasting platform across the entire company, and countless hours of time freed up for analysis.

Months

of time saved in forecasting annually

Granular

financial data for 1,000+ sales sites is always available

Beauty product sales have had a makeover in recent years, shifting from department stores into specialty shops and accelerating in online and mobile sales channels. In the U.S. and Canada, one Anaplan customer has elegantly navigated that transformation to become the region's leading prestige beauty retailer.

Forecasting and budgeting are foundational practices for retailers because their costs – greatly impacted by the number and location of stores, marketing activities, and the need for employees – change continuously depending on sales expectations. In this environment, this company's SAP BPC system didn't provide the forecasting agility that finance leaders wanted. It required users to download data from source systems, update that data in a spreadsheet, and upload it back to a central system. If someone failed to update data on time – such as a change in sales numbers or revised timing of promotional activities – the forecast could swing by millions of dollars. Further complicating the problem, each department in the company had its own profit and loss (P&L) structure, which meant critical data often ended up in an "other" category in consolidated forecasts.

"We needed a system in which all teams could work in parallel to create a single source of truth," says the company's Corporate Treasurer. The company chose Anaplan – an easy decision, given that its corporate parent and several sister companies already used Anaplan.

Led by the Senior Finance Manager, the company built a comprehensive financial forecasting model in Anaplan, augmented by specialized Anaplan models for headquarters payroll, IT projects, capital expenditure (capex), and analysis of central vs. store costs. For consistency and ease of reporting, the finance team built the solution using a shared P&L structure and a single Data Hub. (See "Multiple connected models, one objective," page 3.) In the web version, callouts to the sidebars will direct readers to download the PDF.

The team worked on the Anaplan solution with a consultant initially, but quickly moved the project in-house as their skills developed. (See "Five keys to finance transformation success," page 4.) Following the initial implementation, the team adopted an iterative approach in which they review the forecasting models on a regular basis and leverage advances in one P&L area to further automate other forecasting models. This eventually cut the time needed to build a three- to five-year strategic plan from several weeks to a couple of hours – or even minutes.



Adapting to change is just a matter of building a new Anaplan model."

Corporate Treasurer



Multiple connected models, one objective

The Anaplan environment at this beauty retailer includes focused models for specific teams, plus large, comprehensive models that bring together that data in ways that are easy to consume, analyze, and act upon. The specific models, as shown in the diagram below, include:

- **Planning:** This core model in the company's Anaplan solution is where the P&L is consolidated, reported, forecasted, and planned. "It is much more business-oriented than purely finance and supports drill-down all the way to the individual store level," notes the Senior Finance Manager.
- **Headquarters payroll:** Salaries and wages are forecasted based on a variety of assumptions and summarized for C-level owners.
- **IT projects:** The company always has dozens of ongoing IT projects ranging from enhancements to its e-commerce site to software implementations like Anaplan itself. The model forecasts IT spending by project and by vendor.
- **Reporting:** This model consolidates all forecasts and actuals and aligns the results with the chart of accounts used by the parent company. It provides a common P&L structure used by all departments across the company, and supports drill-down functionality in the Planning model.

- **Capex:** This model is used to track capital expenditures across all departments, including the company's digital storefront, distribution centers, and physical stores. With dozens of store openings happening every year, the capex model enables the team to forecast capital spending over time and quickly understand the financial impact – including depreciation schedules – of timeline changes. "The capex model is the one we're most proud of," the Corporate Treasurer says. "It really leverages the power of Anaplan."
- **Data Hub:** Containing the data and lists shared by the various models, this model ensures that all models are aligned.

More new models are on the horizon, but the overarching goal of the Anaplan environment remains the same: to connect everything the company does to sales. This also supports the Corporate Treasurer's plan for "real-time finance" that empowers company leaders to make rapid, informed actions without waiting for the monthly close.

Planning			
HQ Payroll	IT Projects	Reporting	Capex
P&L			
Data Hub			

Connected Anaplan models at a leading beauty retailer bring together data in ways that make it easy to consume, analyze, and act upon.

The Corporate Treasurer and Senior Finance Manager see the value of their Anaplan investment in several areas:

- Time savings. Monthly reporting cycles are about four hours faster with Anaplan than before because needed data is readily available. "Anaplan saves us months of time every year that can be invested in better analysis," the Senior Finance Manager says. "Faster reporting is just one of many time improvements we've seen."
- Dashboards have replaced reports that were generated by an outside service provider, so the time delay and creation costs were eliminated.
- Data availability. Data from all departments is aggregated and drilling down to department- or store-level details takes just a few clicks. The company's Chief Financial Officer is a heavy user of this feature. "Our CFO tells me that he can now discover so many things that he couldn't see before," the Corporate Treasurer reports.
- Alignment to shared facts, such as store and staffing counts, enables faster, better decision-making.
- Pinpointing problems. Business challenges vary from site to site across the company's 1,000+ stores and locations. The team uses granular data in Anaplan to identify and address specific sites that need attention.

It all adds up to agility and the ability to adapt faster in an evolving business. (See "Agility in uncertain times," page 5.) The Corporate Treasurer explains it this way: "For us, adapting to change is just a matter of building a new Anaplan model."



Anaplan saves us months of time every year that can be invested in better analysis."

Senior Finance Manager

Five keys to finance transformation success

Based on their experience implementing Anaplan at their company, the Corporate Treasurer and Senior Finance Leader offered the following lessons to help others on a transformation journey like theirs.

- **Engage top management.** Executive sponsorship helps with budgets, adoption, and the overall success of the program by setting a tone for success.
- **Understand what you want to do.** The team wanted to use Anaplan primarily for forecasting and aligning to sales, so they knew from the start what data they needed and how they wanted to present results.
- **Reexamine and improve processes.** The team initially reproduced their existing processes in Anaplan. They soon realized that the Anaplan platform afforded opportunities to work smarter and more efficiently, so they streamlined processes to leverage the new technology.
- **Start small but go big.** Don't try to do everything at once (as the company initially did with its core planning model), but instead take things step by logical step. This makes the overall project more practical and supports successful change management.
- **Get outside help but move in-house.** For the beauty retailer, building and managing the Anaplan environment themselves – rather than relying on the outside partner that got them started – has contributed to success in two ways: Employee modelers are better advocates for user adoption, and their models meet real needs more precisely because the builders understand the business and continuously improve the models based on that knowledge.

Agility in uncertain times

According to the beauty retailer's Corporate Treasurer, one of the most important things finance leaders can do is enable rapid response to change. No event brought that need home more than COVID-19.

The finance team at the beauty retailer made two changes with their Anaplan solution in response to the pandemic: They moved from monthly to weekly sales forecasts, and they began rerunning their P&L and Capex models "all the time," to use the Corporate Treasurer's words.

Weekly sales forecasts allowed the company to anticipate changes in customer behavior – in particular, the shift to online shopping.

Rerunning the P&L and Capex models as needed helped the company respond to market changes and understand the short- and long-term financial impact of shuttered stores and delayed openings.

The results speak for themselves: The company's market share grew in 2020 despite many doors being shut, and continued to grow through 2021 and 2022. And the new capabilities have proven useful in navigating the return to an in-store client experience.



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Corporate Treasurer



About Anaplan

Anaplan is the only scenario planning and analysis platform designed to optimize decision-making in today's complex business environment so that enterprises can outpace their competition and the market. By building connections and collaboration across organizational silos, our platform intelligently surfaces key insights — so businesses can make the right decisions, right now.

More than 2,400 of the world's best brands continually optimize their decision-making by planning with Anaplan.

To learn more, visit www.anaplan.com

