RETAIL CASE STUDY

Grand & Toy

G&T GRAND&TOY.

Revenue: $700 million

Employees: 2,700

Locations: 384 stores/cost centres

Founded: 1882

Headquarters: Toronto, Canada

Situation Analysis

As Canada's leading office products supplier, Grand & Toy (a division of Office Max) has distribution centers and retail locations across the country. With hundreds of thousands of customers and millions of transactions per year there are many opportunities for corporate performance management applications at Grand & Toy. Soon after the launch of Defector Detector, a Clarity 6 application that monitors customer buying patterns, Grand & Toy realized that Clarity 6, Clarity Systems' performance management software, was more than just a planning and reporting solution. Clarity 6 had a lot more to offer to their growing business.

Today, performance management has become an integral part of Grand & Toy's operations. Almost every department at Grand & Toy, from Finance to Marketing to the Call Center, has developed unique and customized business performance management applications on Clarity 6. Over 300 distinct users at Grand & Toy use Clarity 6 every day.

Before Grand & Toy launched the Key Performance Indicator (KPI) Reporting application, their latest Clarity 6 implementation, it was difficult to present the overall company performance metrics in a consistent and intuitive format. Grand & Toy was looking for a solution that could report its performance in a way that was clearly

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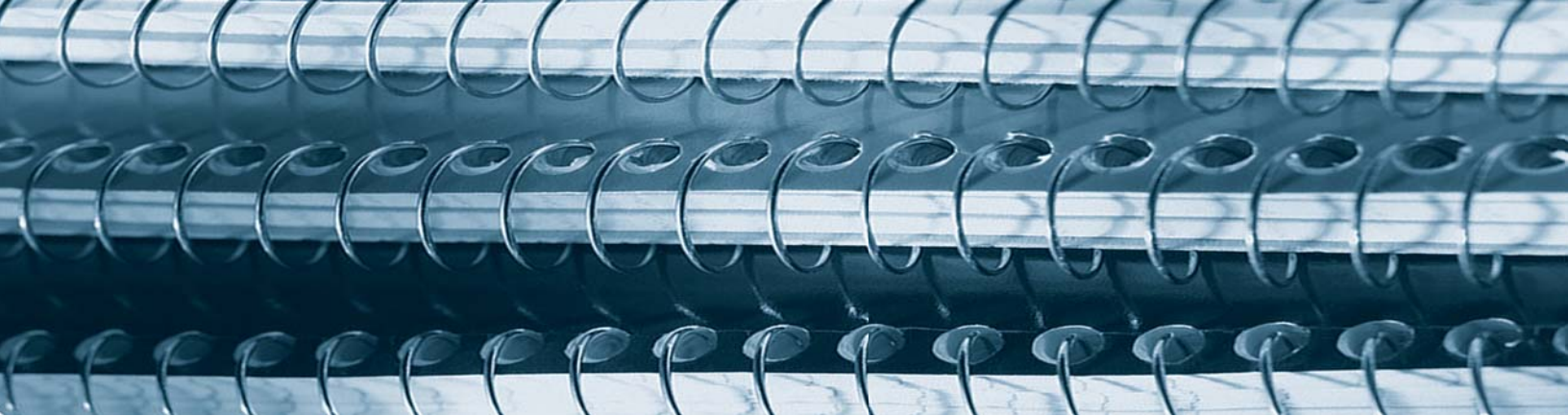
understood by different departments and levels of management while allowing comparison of various metrics across different time periods.

Recently, Grand & Toy has experienced many organizational changes. With the appointment of a new president came a redesign of their strategic plan. Grand & Toy's new plan focuses on simplifying their execution structures to achieve results and organizing their data delivery for speed and accuracy. The company upgraded to Clarity 6 and was eager to take advantage of its enhanced performance features. KPI Reporting goes beyond traditional reporting functionality found in Grand & Toy's existing Clarity 6 applications.

"Grand & Toy created KPI Reporting because we wanted to develop an integrated view of performance across the organization," says Jens Cermak, Grand & Toy's Director of Business Intelligence. "With KPI Reporting, our performance is communicated to the Grand & Toy user community in a direct and easy to understand approach that is consistent and clearly interpreted, with no room for error."

The KPI tool brings together many business performance metrics, evaluates each metric separately, and brings them together onto one scorecard. By calculating a score for each metric, many different metrics can be brought together into an aggregate score and thereby allow Grand & Toy to easily monitor their performance. In addition, the scoring scale is used consistently on all metrics which allows for insightful comparison that Grand & Toy was having difficulty creating in the past.

Solution

Cermak chose Clarity 6 as the software solution for analyzing their KPIs because of its ability to create highly graphical and customized views through Clarity Visualizer. Visualizer allows users to directly interact (slicing and dicing) with charts, graphs, and tables to monitor their KPIs and subsequently the overall performance of the company.

"When developing the KPI application we focused on executives who want straightforward and concise answers on how the company is performing," says Cermak. "By creating KPI reports using Clarity 6, they get the answers they are looking for on their personalized home page in a quick, clear, and easy to understand visual."

Cermak took a phased approach in developing the KPI application accommodating different levels in the organization. The first phase was to develop monthly scorecards at the enterprise level. Developing the scorecard was a collaborative effort between Cermak and the management team. During the requirements phase

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senior managers were asked to provide a list of the metrics they use to measure performance. The laundry list was narrowed down to a smaller set of common metrics that were then categorized into four main groups: 1. Growth, 2. Pro tability, 3. Productivity, and 4. Satisfaction. Each metric has a high score of twenty, where ten means the target or budget has been met. Any score below ten indicates the target has not been achieved. Alternatively, a score greater than ten indicates that the target was surpassed.

On the KPI home page there are individual gauges to display results for each KPI category as well as the overall corporate score. Details for each KPI category are available by simply clicking on the indicator's button. This scorecard breaks down each indicator's metrics for the month selected, the year to date (YTD), quarters, and the score variances between the each prior period. For example, the Growth Scorecard displays actual, budget variance, and KPI scores for the sales and margin percentage metrics.

"With Clarity 6, visibility into the company's performance can be developed with speed and accuracy, which is crucial for executives who are pressed for time," says Cermak. "Whether they want to know the retail sales for a speci c geographic area, for a specific month or the performance of the entire company for the prior twelve months they can quickly and easily find the specific report to help with their analysis and decision making."

Results

Grand & Toy's ability to adapt to changing business demands coupled with Clarity 6 have given their executive team increased visibility into all facets of their business and overall company performance. Clarity 6 and the KPI application helped align Grand & Toy

vertically and horizontally; delivering one version of the truth throughout the entire company.

KPI Reporting has become such an important part of managing their business that additional phases of the scorecards are actively underway. Cermak and his team have recently developed and launched daily scorecards for the executive level. These scorecards display the growth and productivity of the company for the day, week, and month. Using predictive analytics the scorecard calculates the anticipated KPI month-end score providing additional insight to the executive.

"By creating scorecards at the enterprise level, a stronger focus is placed on strategic initiatives," says Cermak. "However, the possibilities for KPI reporting at Grand & Toy are unlimited. From the president to warehouse manager, KPI reports can provide useful information to staff across the organization."

It is already in the planning process for Cermak and his team to expand the use of KPI Reporting beyond the executive level. Eventually, cascading scorecards will be created at the business unit, functional department, and distinct work group level on a monthly and daily basis. This will allow for information that is customized to a particular position or department to be accessed by users across the organization.

"We have many more ideas as to how we plan to put Clarity 6 to good use at Grand & Toy," says Cermak. "KPI Reporting and its ability to quickly deliver information demonstrates how Clarity 6 continues to revolutionize the way we do business. It is safe to say that Clarity Systems' software will have a long and prosperous future at Grand & Toy."

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