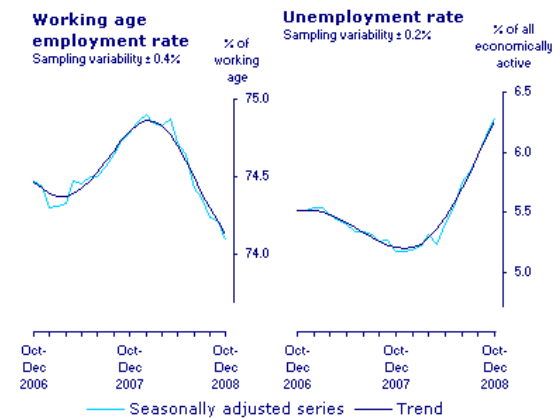
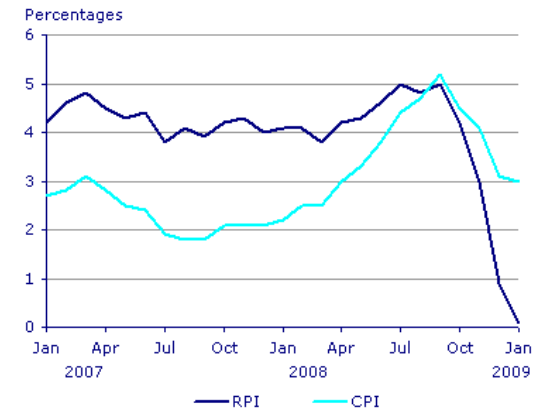

Planning in an uncertain world

Emile Naus
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We live in interesting times...

- Retail Price Index has gone from +5% to 0 in 6 months
- Unemployment is up nearly 30% against 12 months ago and rising
 - Creating more pressure over the next 6 months
- Production levels are dramatically cut
- Exchange rates have tumbled
- Recovery could be in 2009, or 2010, or 2011
- Opinions about speed of recovery vary significantly



Source: Office for National Statistics

Planning & forecasting

- Long term planning:

- Traditionally driven from a financial perspective
- In retail typically 5 years sales by category by year by format
- Drives longer term investments

- Economic uncertainty makes financial inputs questionable
- Range of uncertainty challenges long term investments

- Short term planning:

- Typically driven from an operational perspective
- Much more detailed, much shorter timeframe
- Drives allocation of resources, shift patterns, replenishment decisions

- Significant more marketing led activity – promotions, price reductions, special events
- Competitor activity multiplies the issues

Long Term Planning

- Use multiple scenarios to understand potential outcome
- Create trigger points: if/once 'x' happens, then we will do 'y'
 - Overlaying this with multiple scenarios creates a strong roadmap
 - It allows phasing of investment against revenue stream
- Understand the lead time implications
- Do not lose sight of the long term goals of your business
 - It is easy to fall into the trap of just focusing on short-term cost savings
- The economic climate is an opportunity:
 - Property deals
 - Restructuring opportunities
 - Driving change

Short term planning

- All forecasts are wrong (or lucky)
 - Understand forecast, analyse errors
 - Decompose data: trend, seasonal, events, competitor activity
- Single process for planning – commercial, logistics, store operations, finance
 - Single plan means everyone works of the same baseline
 - Errors should be reduced through sharing of information
- Consolidate short term – long term planning
- Collaboration (internal and external) is more important than ever because of the fluctuations in the market

Planning framework

