

**Case
Study**

**OpenPlanning prescribed for the
good health of Day Lewis Plc**

Client: Day Lewis Plc Sector:
Healthcare Project: OpenPlanning

Day Lewis Plc is a family owned business founded in 1975, in the retail pharmacy environment, with a turnover of £150 million a year. Day Lewis is the UK's largest independently owned pharmacy chain, and is involved with the sale and distribution of pharmaceutical products in the UK, also supplying medicines and medical equipment to oil rigs and shipping companies.

At the end of 2005, Day Lewis had 110 pharmacies throughout the South of England, and has now embarked on an aggressive acquisition plan of growth which already sees them with another 50 stores, growing to 200 by 2009. In addition, Day Lewis has branches of opticians in the South East. Along with recently moving their warehouse to new premises, it is a very busy time.



Key benefits

- Accurate production of monthly management reports that can be analysed against budget on a monthly basis
- The ability to track KPI's at cost centre level
- More accurate sales forecasting
- Easy identification of business development opportunities
- A more dynamic planning process
- A flexible system that supports the integration of a growing number of acquisitions

The need for a new budgeting & planning system

With inaccurate information being produced laboriously from an accounting software package, it had previously been difficult for Day Lewis to confidently produce formal budgets and plans. It was only possible to extract a trial balance by cost centre to a spreadsheet which was then too detailed and in any case the data was historical with little value as a planning forecast.

There was a possibility that a planning system could be built in Excel of course, and had there only been 20-30 stores within the group, this may have been sufficient, but with over 100 stores now and plans for that number to increase, an Excel model would have been impossible. Each time a new pharmacy was acquired, it would have been necessary to add this to the existing model, and then manually link this into the existing spreadsheets and calculations. *"It would have been too complicated and the chances of making material errors and omissions were extremely likely!"* said **Tim Harrington, Commercial Manager, Day Lewis Plc.** So, with the rapid growth of Day Lewis, it was felt that a formal budgeting and planning system was needed.

OpenPlanning selected

OpenPlanning was chosen by Day Lewis because it was a cost effective solution which essentially did everything the team required. The Day Lewis business is constantly evolving and for that reason, it was felt that an all encompassing tool was not necessary, but instead a solution that would add structure and security to the way things were done.

It was important to be able to develop a model that didn't have the inherent problems of spreadsheets, did not require manual re-keying of data and that could flex quickly as the business changed, and it was felt that OpenPlanning was the perfect solution.

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The new planning model

The Day Lewis operational structure comprises of six areas each with a manager responsible for 20 - 30 branches. Currently, spreadsheets are sent out to each manager asking them to forecast the key indicators for the next twelve months. A new OpenPlanning model has been built centrally to translate the key indicators into monetary values and to add on centrally controlled costs. The model also carries the structures to enable the aggregation of the six areas and then consolidate them into the various operating companies. The Finance team at Day Lewis are now able to analyse the P&L against budget on a monthly basis, by pharmacy. OpenPlanning is used to produce monthly management reports for each individual store.

The implementation of OpenPlanning has been extremely successful. Day Lewis can also now track Key Performance Indicators at pharmacy level, right down to prescriptions, retail sales and staff costs details. The ability to do this has brought to the surface issues at particular pharmacies that would have been impossible to find without OpenPlanning. There are also plans to devolve OpenPlanning down to Area Manager level in the future for more accurate sales forecasting.

Furthermore, with such accurate information, it is now possible for the team at Day Lewis to conduct regular reviews to discuss actual performance with Area and Branch Managers as well as conducting business development meetings aimed to improve pharmacies’ performance. *“Our ability to provide reliable information has moved up a couple of gears”, says Harrington. “We have increased in size by 40% over the last 12 months and are now attracting lots interest from suppliers and investors alike. It’s great that we can now easily produce monthly management reports, board packs and ad-hoc reports quickly and easily.”* The production of management reports is a much simpler affair now and the Finance team can concentrate on the numbers in the models, rather than the maintenance of models themselves. It is also possible to see how easy the management of the business is going to be, especially when change happens, as the process is much more structured.

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Future plans

Day Lewis has further plans to develop its budgeting and forecasting activity. With the installation of an updated accounting system, the Finance team will be able to link directly to the actual numbers, with no concerns about data integrity.

The budgeting will continue to develop and OpenPlanning will allow the planning process to be more dynamic, whilst easily reflecting the changes in structures due to the acquisition plans.

During the months of March and April 2007 Day Lewis acquired a total of 10 new pharmacies, each with a turnover of around £1million. It will be much easier to integrate the new stores into the company now that there are proper budgets in place and a structured system allowing them to be incorporated so easily. OpenPlanning is key to the integration of the new stores and Day Lewis' aggressive acquisition plans.

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