

Use case

1. Company background / introduction

Rock Retail SE is a German multinational retail company on the Frankfurt Stock Exchange. Its head office is located in Eschborn, Germany. As of 2021, the firm employs more than 80 employees in Germany and with 2 subsidiaries worldwide.

Rock Retail SE seeks to deliver the joy & happiness of wearing great and unique clothes to the customers worldwide. Our corporate philosophy is: Unique clothes like you are. Change the world!

As a young Start-up manufacturer and retailer of private-label apparel in terms of sales, Rock Retail SE operates multiple fashion brands including FRANKFURT SCHOOL, FANCY and UNIQUE. UNIQUE, the company's pillar brand, generated approximately EUR 2.500.000 in annual sales from more than 5 stores in different regions in the period from January to October in fiscal year 2021.

Driven by our LifeWear concept for ultimate everyday clothing, UNIQUE offers unique products made from high-quality, highly functional materials at reasonable prices by managing everything from procurement and design to production and retail sales.

In terms of our broader strategy, the entire Fast Retailing Group is currently to improve their customer portfolio, which seeks to transform the apparel industry into a new digital retail industry that focuses on the commercialization of information.

We are leveraging various advanced technologies to build a seamless supply chain connecting Rock Retail and our future partner factories, warehouses, and stores worldwide.

We split this "strategy project" in several work streams and need your support within the data analytics.

2. Project insight

Please find enclosed the Balance sheet and P/L of Rock Retail SE at 2021-10-31:

Balance Sheet of Rock Retail SE

At October 31 2021

€ in thousands

ASSETS			Liabilities		
Non-Current Assets			Equity		
4.848			10.511		
Intangible Assets		2.348	Shared Capital	9.000	
Goodwill	2.348		Retained Earnings	200	
Tangible Assets		2.500	Profit of current year	1.311	
Property Plant and Equipment	2.500				
6.084			Non Current Liabilities		
Current Assets			178		
Inventories	2.800		Provisions for pensions	108	
Account Receivables	1.834		Provisions for other risks	70	
Cash and cash equivalents	1.450				
			Current Liabilities		
			243		
			Account payables	213	
			Other financial liabilities	30	
Total Assets			Total Liabilities		
10.932			10.932		

Statement of Income of Rock Retail SE

At October 31 2021

€ in thousands

Expenses			Revenues		
Operating expenses			Operating sales/ revenues		
2.322			3.528		
Cost of Goods Sold	1.766		Net sales	3.532	
Rent	245		Discount	- 4	
Depreciation	286				
Telephone costs	25				
Distribution costs	85				
Other expenses			Other income		
143			248		
Interest expenses	98		Interest income	248	
Marketing expenses	45				
Profit of the year					
1.311					
Total			Total		
3.776			3.776		

The management of Rock Retail tends to strategically optimize their business processes. One of their topics is the “Revenue” stream which includes customer relationship and customers’ account receivables.

The information about the revenues from all customers has been collected as follows:

- Customers are allowed 30 days credit in general (credit sales), with exceptions for a longer or shorter payment term.
- Rock Retail offers an early discount of 0.5% settlement within a 10 days payment.
- VAT regulations:
 - **Germany**: VAT Standard rate is **19%**;
 - **ROW** (Rest of World): tax free (no VAT applicable)

Data analysis

To find out a best practice strategic solution on organizing accounts receivable and managing the customer revenues, the management of Rock Retail requires a “receivables aging list”. *(Aging list is a list of the ageing structure of short-term supplier credits. The receivables are classified according to their age from the invoice date (e.g. within the periods 1-30 days, 30-60 days, etc.) or according to age from the due date)*

Given data:

- a) Open item list of receivables -> Attachment “Excel case study.xls”
-> Tab: “Open item list”
- b) Payment list of customers-> Attachment “Excel case study.xls”
-> Tab: “Payment list of customers”
- c) Aging list template-> Attachment “Excel case study.xls”
-> Tab: “Aging list template ”

Tasks:

I. Please answer the following question:

Is it possible to reconcile the amount of the “net revenues” (revenues after discount) on the P&L statement with account receivables on the balance sheet?

Please explain your answer.

Note: No quantitative solutions are required for this question

II. Please perform an analysis to help the management to make further strategic decisions in the context of customer’s policy and / or receivables management

Note: Please find our first thoughts/ ideas how to start:

- a) Prepare an aging list of the receivables
- b) Provide a decision template for the management board (including the advantages and disadvantages, potential risks (if applicable), recommendations for each topic. Please visualize your results by using the given data!!

The following topics should be considered for the decisions (e.g.:

1. payment terms,
2. regulations of the early payment discount policy, or
3. no credit sales to customers who always missed the due date of the payment.
4. Unique solutions from you are also appreciated!

- (1) The project solution should be provided in a PowerPoint format and sent to my email account in CANVAS. Please note the deadlines listed below.
- (2) Within the PowerPoint the following agenda should be used and can be extended:
 - a. Introduction (of the group incl. name/ ID)
 - b. Solution Task I
 - c. Solution Task II
 - i. Approach / methodology
 - ii. Data analysis
 - iii. Decision template
 - d. Please describe in one slide how you managed this project as a group to deliver results quickly.
- (3) The presentation of your solution will be performed in our classes

3. Use case timeline:

- a) Submission date: 2021-12-02 11:59 PM
- b) Presentation period: 2021-12- 03 - 2021-12- 09
(Group presentation timetable for each group will be provided later)

4. Solution approach / tools to be used:

Group No.	Group No.	Data analysis tool	Vizualization
1	8	Excel	PowerPoint
2	7	Alteryx	Tableau
3	6	Python	Python Charts