



SNACKS FINANCIAL MAKEOVER

CASE STUDY

CASE STUDY

\$500 million producer of snack foods and their journey to financial transformation: an integrated, dynamically responsive Planning/Reporting solution for stakeholders throughout the organization.

BACKGROUND

A large, national-brand snack foods producer struggling with spreadsheet hell needed help requested a proposal from Business Intelligence Technologies (BI Tech) to aid in addressing a financial transformation initiative. The firm had NetSuite as their ERP platform provided canned information in an unusable format and because of recent acquisitions needed to incorporate new P&Ls into their financial reporting system. Furthermore, the organization had across-the-board challenges with their planning processes. Overall, their expectation was to foster team collaboration through visibility of numbers and dashboard results that could be counted on to guide leadership decisions.

CURRENT STATE- THE SPREADSHEET CHALLENGE

The financials were run through Excel — and Excel only.

All information provided to leadership and the firm's parent company was filtered through spreadsheets. The company presented BI Tech with the master spreadsheet used for planning, monitoring, and controlling the business. The workbook had twenty-eight (28) tabs with a complex and delicate web of formulas connecting information between them.

People were assigned responsibility for populating key tabs (e.g., product planning, COGS planning, trade spend, marketing, etc.). There were at least 10 sub-workbooks containing more detailed data that was cut-and-pasted into the master as numbers were locked during the planning process. There were also other workbooks with linked formulas between them. Links commonly “broke” when spreadsheet structures changed, thereby requiring additional formula editing to pull the numbers through properly. Traceability was an issue. Because of how the submission process worked, there were times when leadership asked questions (e.g., to compare prior versions to the current version, or how numbers were derived) and the Finance team could not properly trace or easily align two versions of the numbers side-by-side. In one 90-day period the company incremented their version number by 10; the structure and calculations within the workbooks changed over time. This made cross comparisons of various workbooks very difficult.

Customer and Product Profitability.

The client's vision was to have true customer and product profitability. Because of the large customer-product matrix required to calculate the allocations that drove profitability, staff were able to allocate to only a few accounts within Excel. In the broader allocation-calculation they needed to allocate to more than 40 accounts. In an Excel-based environment this clearly was not going to happen.



Planning at multiple levels.

Planning occurred at multiple levels of granularity—Sales, Marketing, COGS, and Income Statement levels. There were challenges at each level because the underlying master data was constantly changing. In Sales, product planning was performed at the case pack level. The idea was to enter the number of units on a case pack and to use historical data to push the forecast down to the SKU level. Across a \$500 million dollar business with thousands of SKUs, this is highly complex. Similar issues were present in other areas—COGS in particular because a complex bill of materials presented numerous challenges when using Excel to maintain planning information.

Collaboration and Dashboards.

The ideal of team-based collaboration—where a person could change a number and it was immediately visible across the entire system—was simply not possible. Collaboration across Excel and dashboards was the dream but was clearly not possible in an Excel-driven system. Leadership did not have the visibility they needed to make multimillion-dollar decisions.

The Hidden Cost of Excel.

This true story spotlights the consequences of massive overreliance on spreadsheets: the high cost of maintaining this complex and delicate Excel maze; and the instances when numbers were simply not traceable—this is death to the credibility of a Finance team.



FAST FORWARD TO CUSTOMER SOLUTION

By utilizing BI Tech's software and solutions, real-time collaboration, governance and visibility into the numbers for actionable decisions was achieved:

- **Customer and Product Profitability.** The new system provides customer and product profitability. More than 40+ allocations are applied across actuals and versions of plan. The calculation logic is slightly different for each version.
- **Eliminated the Spreadsheet Problem.** All key business and key aggregation logic has been centralized into a cloud-based system.
- **Version Archiving.** The client maintains 40+ version of numbers that are all easily accessible in Excel and to the dashboard system.
- **Controlled Release of Numbers.** The finance team publishes numbers to the broader finance community in a controlled manner according to predetermined schedule and on-demand.
- **Dashboards.** More than 20 dashboards have been created to provide leadership with the ability to see the numbers that they are responsible for.
- **Sales Forecast.** The sales team now has visibility into the sales forecast via Excel.
- **Worksheet Sanity.** A number of workbooks have been created with the different perspectives needed by different stakeholders (i.e., Finance, Sales, Marketing, etc.). The workbooks are all live connected to a cloud-based database and share centralized business and aggregation logic.
- **Real-Time Forecast.** As changes are made to the forecast, the impact on profitability is instantly seen across ALL Excel workbooks connected to the system simply by pressing "calculate (F9)".
- **Excel is the interface.** Finance teams love Excel. Excel is the primary interface – enough said.
- **Leadership.** Leadership has visibility into the numbers r-e-g-u-l-a-r-l-y. This has driven its ability to significantly improve profitability.

COST - BENEFIT CONSIDERATIONS

In addition to achieving intended results, the project has significantly improved profitability, offsetting the cost of implementation and subscription; profitability improvements resulted from the finance team and leadership focusing strategically on the numbers rather on the operational aspects of assembling them.

SUMMARY OF CUSTOMER SUCCESS

The client has a guidance system that has delivered on the transformation vision. Business Intelligence Technologies implemented a cloud-based finance modeling/reporting/planning solution tuned precisely to the customer's requirements—and with the flexibility to incorporate further transformation initiatives.

