

Developing & Implementing a Planning System

Business Overview

Our client (“LGH”) is a leading manufacturer, processor, and distributor of products for the building, industrial, and vehicular markets. LGH serves a large number of customers in a variety of industries in all 50 states and throughout the world. It operates over 50 facilities across the world.

Business Challenge

LGH’s existing forecasting and budgeting processes relied on Excel spreadsheets to gather information across 13 businesses. The 13 separate spreadsheet templates needed to be maintained individually when new reporting hierarchies were created or when actuals were updated for the previous quarters. Business metrics and statistical Excel formulas were difficult to maintain when modifications to business rules were required. The embedded links to additional forecast information were extremely slow to update.

The Corporate Finance organization spent numerous manual hours to consolidate the business forecast information. The Excel templates were susceptible to user changes causing delays in the consolidation process. Once consolidated, the forecast information had to be loaded into a separate application in order to provide reporting capabilities to users. The existing systems lacked inherent analysis capabilities to compare forecast plans to actuals and previous versions.

Solution

LPA’s Finance Performance Management consultants analyzed LGH’s current forecasting processes to determine possible efficiencies utilizing IBM Cognos TM1. Once the architecture and design were completed, LPA developed and implemented a TM1-based solution to significantly reduce manual processes and to collect and consolidate the information.

The centralized TM1 application provided a single system for budgeting, forecasting, reporting, and analysis. The 13 businesses were able to continue utilizing a familiar Excel interface to enter information, but the templates no longer needed to be

maintained. The TM1 Excel interface integrated LGH's existing Windows security to ensure users could only access information related to their business. All business hierarchies and rules could be controlled centrally within the TM1 application. Previous period's actuals could now be loaded monthly to provide more accurate up to date information for the business forecasts.

With all information consolidated automatically in TM1, the Corporate Finance organization could now spend time analyzing the forecast information. The TM1 solution provided all reporting capabilities including what-if analysis that was previously not available. With multiple businesses located in different countries, impacts to currencies could also be monitored with standardize rates being centrally maintained within the TM1 model. Business analysts could now easily create reports to compare budget to forecast or forecast to actuals.

Results

- Eliminated the manual consolidation processes by corporate finance and reduced the overall forecasting process from days to hours
- One tool to provide budget, forecasting, and actuals reporting with the capability to analyze variances on a monthly basis
- Foundation to provide future capabilities including integrated workflow and detailed department budgeting functionality. Forecasts could now be updated monthly instead of quarterly.