WHITE PAPER

6 Steps to Leading at Speed in Manufacturing Organizations

OneStream™

Table of Contents

Introduction

The 2020s started off with a major disruption caused by the COVID-19 pandemic, and the decade is likely to continually challenge CFOs and Finance teams. They will be challenged to navigate changes in an external environment combined with increasing internal business complexity as their organizations grow and evolve. For manufacturing companies, this disruption impacted global supply chains, labor pools and availability of raw materials and resources that affected just-in-time manufacturing capabilities. To conquer these complexities Finance needs to integrate operational and financial planning to "lead at speed." Finance executives and teams must master the basic Finance processes, then layer on more advanced capabilities that can drive strategic advantage. Here's a snapshot of what that layering entails:

- Aligning, streamlining and simplifying operational and financial reporting – for manufacturing companies, it is crucial that finance utilizes operational and strategic data in their forecasting and planning cycles, but aggregating data from multiple plants and supply chains can present a challenge. Having a single source of truth that blends that data into a consumable and actionable format is key to being able to adapt to fast-paced changes in supply and demand
- Implementing agile planning and forecasting – During the planning process it is important that the financial plan remains dynamic as change occurs quickly and organizations cannot wait until the next planning cycle to adjust for change. For manufacturing this can be changes due to availability and supplier lead time, disruptions in shipping and delivery times and labor pool disruptions
- Supporting enterprise-wide strategic decision-making via period-end performance reporting. Just as it is important to have an adaptable, agile forecast, it's equally as important to analyze financial results regularly to inform the planning process going forward. Being able to incorporate not only financial results but also operational and supply chain data will inform decisions and strategy as well as provide a well-rounded picture of the financial and operational health of the business
- Mastering the art of financial and demand signaling – understanding leading indicators in the market that impact supply and demand as well as financial indicators is crucial to pivoting as business changes rapidly as the result of disruptions due to COVID-19 and other external factors as well as internal fluctuations in labor and availability

This white paper aims to help modern Finance teams develop a roadmap towards conquering the complexity of these processes and putting themselves in a position to lead at speed. The paper also details the results achieved by several OneStream customers that have conquered complexities in their own organizations and freed up their Finance teams to "lead at speed" and become better business partners.

Conquering Business Complexity

Let’s face it, complexity is the inevitable byproduct of growth and change. As organizations grow, what happens? Their revenues increase. They gain more employees. They extend their product, regional and service offerings. They require new suppliers and supply chains. They need innovative production capabilities and flexible workforce models to attract talent.

Amid all of that (and more), finance leaders face the diverse challenges of rapidly changing markets, operational complexity and accountability to deliver on stakeholder expectations. New products and markets require more labor, more planning, more space and production capacity and new supply chains. Coordinating labor across multiple production lines, new suppliers and demand planning requires financial and operational support that is coordinated and in sync with all the facets of the business. Bringing all this data into a cohesive and understandable format that can be reliable, actionable and repeatable is a challenge many manufacturing organizations face, and these interconnected challenges create a continuously evolving array of obstacles that CFOs and Finance teams must navigate effectively.

Here are a few of those obstacles:

External Market Forces

Pricing pressure from global competitors, changes in demand and uncertain global economic conditions impact increasingly fragile supply chains.

Internal Financial and Manufacturing Operations:

Organic growth combined with mergers and acquisitions bring new internal challenges that range from integrating acquired companies, people and systems, to connecting and aligning the islands of information created by departmental silos. Integrating new product lines, manufacturing plants, supply chains and demand forecasts requires coordination across the Finance organization requiring access to data and reliability in reporting capabilities.

Departmental Stakeholder Expectations:

CFOs and Finance teams must ultimately meet the needs and expectations of a growing pool of demanding stakeholders, which includes stakeholders across many functions outside of Finance. Bringing together supply chain, operations, Finance and executive leadership is a challenge Finance faces, and Finance leaders must help their organizations move away from the siloed decision-making that can happen within lines of business or functions where access to data and insights are fragmented, impeding the agility needed to quickly react at the speed of the business.

We've seen Finance teams take steps over the past several years to conquer these complexities. We've seen transformation taking place in the financial close, consolidation and reporting process — changes that focus on delivering a timelier and more accurate book of record. We've also seen many modern Finance leaders take steps to increase agility in planning and forecasting processes and to ensure alignment between strategic, financial and operational planning. For manufacturing companies, these different planning processes often are siloed processes that do not integrate and result in disconnects between the changing ecosystem of demand and supply planning. For Finance to truly optimize the financial and operational planning process, these siloed processes must be aligned and dynamic to account for the ever-changing landscape of manufacturing in a post-pandemic world.

While many organizations continue to invest in simplifying and scaling these processes, we are now seeing **a new inflection point building for the Office of Finance**. One that requires taking the vision of the virtual close and bringing it closer to reality. One that requires understanding what is happening right now and taking action to impact performance — before month- or quarter-end.

Accordingly, we see **financial signaling** as the next critical innovation to help Finance teams conquer this inflection point and break free from restrictive monthly performance cycles. We refer to this approach as "right time" Finance (see figure 1).

Sounds logical, right? But how do successful Finance teams make the leap? To start, when seeking to unleash their true value, Finance teams can't ignore the basics. They must instead conquer the complexity of basic processes — such as the financial close and planning processes — and be prepared to **lead at the speed** of the business.

LOOKING BACKWARD

BOOK OF RECORD

Close Processes & Consolidation

Financial Consolidation
Financial Reporting
Statutory Reporting
Performance Reporting

RIGHT-TIME FINANCE

FINANCIAL SIGNALING

Proactively Drive Performance

Financial & Operational Data Daily
Weekly **Insights**
High Volume, High Velocity

LOOKING FORWARD

BUSINESS PARTNERSHIP

Planning & Forecasting

Financial Planning
Demand Planning
Supply Planning
Rolling Forecasting
Integrated Business Planning
Long-Range Planning
S&OP

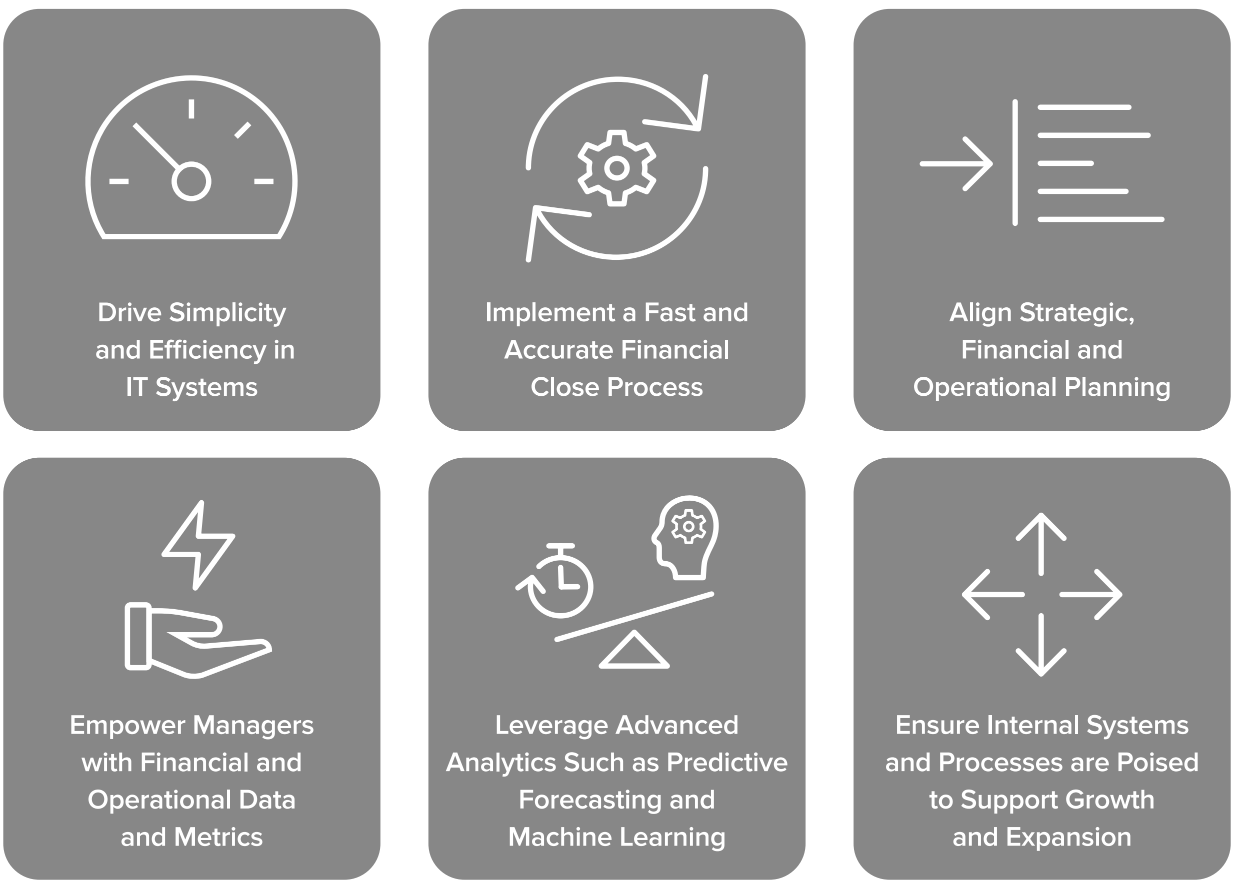
Figure 1: Financial Signaling

6 Steps to Leading at Speed

As highlighted in the prior section, in order to “lead at speed” Finance executive and teams need to master the basic Finance processes, then layer on more advanced capabilities that can drive strategic advantage. This includes aligning, streamlining and simplifying operational and financial reporting, implementing agile planning and forecasting, supporting strategic decision making across the enterprise through period-end performance reporting, then mastering the art of financial and demand signaling.

Sounds simple right? Not really. There’s a lot of work that is required, but it doesn’t have to all be accomplished in one fell swoop. The best path to success is to think big — but start small and incrementally build a path to leading at speed. Here are six steps we have seen successful finance organizations taking to conquer complexity and put themselves in a position to lead at speed.

The order of the steps described here is not carved in stone, it can vary depending on the challenges and requirements of a particular organization.



1 Drive Simplicity and Efficiency in IT Systems

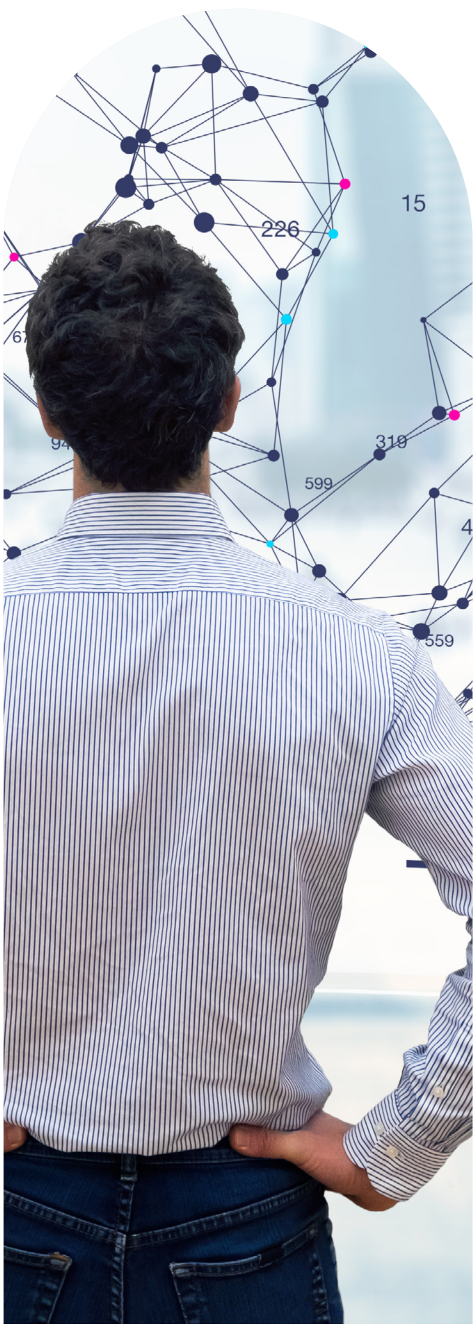
- Leading at speed is difficult if the organization is bogged down with inefficient legacy IT systems – for manufacturing companies, this includes plant-site systems, procurement and manufacturing systems in addition to corporate and CPM systems. Being able to ingest and report on data from all these systems is crucial to finance preparing a plan that considers all the internal data available in addition to external data like supply and demand trends.
- A key strategy here is reducing your organization's IT footprint by moving on-premise CPM applications to the cloud and moving from fragmented applications to a unified platform that brings actuals, plans, forecasts and analytics together for a unified view of the business. Ensuring that these CPM applications are taking in data from all ERP and MRP s ources is important to paint the complete picture of the organizations financial and operational landscape.
- In addition to improving decision-making with a unified view of the business, moving applications to the cloud and eliminating silos of data minimizes the time and effort spent by finance and IT staff maintaining and upgrading CPM applications.
- Simplify IT systems to unify operational and financial data and plans to ensure alignment between siloed planning processes and enable dynamic updates to plans to adapt to rapidly-changing markets.

2 Implement a Fast and Accurate Financial Close Process

- Streamlining the operational and financial close processes requires the ability to quickly integrate and map data from multiple systems across the enterprise into a purpose-built financial consolidation engine designed to handle all the complexities of the process while guiding users through their tasks and always providing managers with visibility into the status of the close process.
- For manufacturing, it's important that the close incorporates the financial and operational data, but ingesting information across multiple product lines, plant sites, and production environments quickly can present a challenge. Being able to take in this data and draw meaningful insights can be difficult, especially when there are discrepancies in systems and processes across sites. Standardizing the data in the CPM application during the close process is key to a quick, effective and repeatable close.
- While streamlining the operational and financial close processes reduces the time and effort required to close the books, it also enables timelier and more accurate financial and management reporting to a broad range of stakeholders, internally and externally.

3 Align Financial and Operational Planning Processes

- Given the volatility of today's economic and business environment, leading organizations are putting less time, effort and reliance on the annual budgeting and have implemented rolling forecasts that are executed quarterly, monthly or more frequently in order to increase business agility.
- Using Sales and Operations Planning (S&OP) and forecasting techniques enables the organization to focus its attention on the key drivers of supply and demand planning to align it with revenue and costs to save a lot of time and effort for finance and line-of-business managers — enabling them to lead at speed.
- By eliminating fragmented applications and unifying all planning processes in a common platform, financial and operational planning can be aligned — ensuring that finance and operations are working together, and resources are allocated to the right opportunities.



4 Empower Managers with Financial and Operational Data and Metrics at the Pace Required

- Performance reporting for management is important, but to lead at speed, it must be aligned to the pace of the business, providing the right information at the right time — whether it's quarterly, monthly, weekly or daily.
- Ensuring alignment between finance and operations requires strong communication and business partnership. A big part of this includes holding regular management reviews with operations to review results, identify potential risks or opportunities and make informed decisions.
- Aggregating the financial and operational data into a single, cohesive environment to present it in a readable format is key to presenting it to a varied audience.
- Effective decision-making requires managers to have visibility not just into revenue, but also profitability by products, customers, channels and other dimensions of the enterprise to ensure resources are allocated to the areas that can add the most value.
- Aligning financial and operational plan data can enable manufacturing companies to integrate siloed planning processes that come together to form a cohesive landscape of supply and demand planning and demand signaling into a dynamic planning process.
- In fast-paced industries, intra-period decision making can be enhanced through weekly or daily financial signaling of sales pacing, inventory management and controllable costs to provide key trends and signals for line managers to maximize opportunities and/or mitigate risk.

5 Leverage Advanced Analytics Such as Predictive Forecasting & Machine Learning

- Once core processes such as financial close, reporting, planning and management-driven forecasting are running effectively, more advanced techniques and tools can be added to the equation to further speed decision-making.
- Predictive analytics capabilities can apply statistical forecasting algorithms to historic data to automate the creation of baseline forecasts or to validate management forecasts. Applying this predictive capability to internal and external data like supply and demand forecasts, seasonality trend data, competitor trends and other manufacturing and consumer data helps manufacturing organizations remain competitive and agile in the face of rapid market changes.
- Machine learning tools and techniques can take analysis and forecasting to a new level by identifying correlations across large volumes of data and creating hundreds or thousands of "smart" models across products and locations that continuously learn as new data is consumed over time and give Finance and business analysts the ability to reduce bias and increase accuracy of demand forecast models.

6 Ensure Internal Systems and Processes Are Poised to Support Growth and Expansion

- Leading at speed requires the organization to have systems that can support today's requirements, as well as the ability to support global growth and market expansion. For manufacturing this means not only understanding financial data but ingesting data from ERP and MRP systems and external data and bringing it into one single source of truth.
- If the organization is planning to grow via acquisition, it must have systems in place that enable it to quickly integrate acquired companies and additional systems and data sources that accounts for new product lines, production lines, supply chains, and supply and demand plans.
- As organizations grow and evolve, demands by departments and users for new applications and data to support decision-making will only increase. To reduce fragmentation and maintain efficiently, Finance and IT must have platforms in place that allow them to deliver new solutions quickly without adding technical complexity and cost.

In summary, to lead at speed, manufacturing organizations need efficiency in IT systems to align operational and financial plans and siloed planning processes for a single, unified look at the business, agile business processes, and the ability to deliver timely and accurate financial and operational results to executives and decision-makers across the enterprise. This can only be accomplished with a unified, intelligent finance platform that can conquer complexity of these finance processes and enable CFOs and finance teams to lead at speed.

Leading at Speed in Action

As mentioned above, the order of the steps described here isn't carved in stone, nor should an organization try to accomplish all these steps at one time. Where a particular organization decides to focus its efforts should be driven by business needs and priorities. But as the organizations accomplishes these steps, the business benefits will begin to accumulate.

Here are some examples of organizations OneStream has worked with and results they were able to achieve:

CURTIS

Curtis Instruments

Curtis Instruments, founded in 1960, is a privately-held technology leader in electric vehicle instrumentation and motor controls of all types, including forklifts, wheelchairs, neighborhood electric vehicles, golf carts, aerial lifts, and industrial and utility vehicles. Curtis Instruments had been using Hyperion Enterprise and Excel® spreadsheets for financial consolidation, reporting and budgeting.

The limitations of these tools resulted in manual steps for processes such as intercompany eliminations, data quality and verification issues, many top-side adjustments, and too much exposure to errors and risk. And the overall close and consolidation process took too long.

The Curtis team integrated OneStream with its Syteline ERP system and has empowered business unit Finance teams to be more responsible for their own financial reporting. The new system allows Curtis to consolidate and report their results in multiple currencies with second tier subsidiary currency overrides. The team improved the corporate consolidation and reporting process and reduced the number of reporting errors by replacing manual data load and elimination of intercompany transactions with an automated process.

As a result, the complex intercompany elimination process that used to take 10 days is down to three days. "With OneStream, consolidation is much faster, with fewer errors, providing the Finance team more time to analyze financials — which is a huge improvement," said George Galdo, Director, International Financial Reporting & Contract Review at Curtis Instruments.

Fruit of the Loom

Fruit of the Loom, Inc., a Berkshire Hathaway company, is a global pioneer in the design, manufacture and marketing of family apparel, intimates, and athletic apparel and equipment. Fruit of the Loom was using Oracle Hyperion Financial Management (HFM) for financial consolidation and reporting. However, after three years of usage the Finance team was having compatibility and support issues with HFM and was facing a costly upgrade.

Lack of satisfaction with the product, including downtime during critical processes, and support issues caused Fruit of the Loom to evaluate their alternatives, and they selected OneStream. Guided Workflows were a change for users coming from HFM but have helped improve their processes and ensure the integrity of the financial results. Cash flow reporting is much easier and automated using OneStream. And the organization has better visibility into operating results by location, geography, brand and products through the Extensible Dimensionality® of OneStream.

> **We no longer have to worry about the system being down during the period-end close. I'm not losing sleep or getting calls in the middle of the night to address system issues. OneStream is always up!**
>
> *— John Alsobrook | Manager, Financial Systems*

Deploying via the Cloud, with managed services from OneStream, has brought additional benefits. Fruit of the Loom is seeing more stability of the system and higher availability vs. their on-premises HFM application. Their administrators are no longer spending time applying patches and restarting services. And IT no longer must be concerned with application-specific tasks.

McCain Foods

McCain Foods Limited is a Canadian multinational frozen food company and the world's largest manufacturer of frozen French fries, potato products and appetizers, where one in every four frozen French fries world-wide are manufactured by the company. McCain Foods had been using SAP BPC for 10+ years for financial consolidation, financial and management reporting.

After considering several alternatives, including upgrading to a newer version of SAP BPC, McCain selected OneStream Software as its solution for financial consolidation, financial and management reporting — as well as for lease accounting. With over 300 happy OneStream users, McCain reduced its monthly close process from six days to four days and now has a user-friendly and unified solution for financial reporting, management reporting and lease accounting.

To help navigate the COVID-19 disruption, McCain started using OneStream Cloud to move beyond the month-end close and reporting process and instead load and analyze sales volume and working capital data on a daily basis. As a result, through graphical dashboards, the CFO and Finance team are now able to view 7-, 14-, 21- and 28-day trends vs. the prior year. This increased visibility means they can spot key trends, update forecasts and make better, faster decisions that can positively impact business results.

Conclusion

The organizational growth and market volatility we're seeing in the 2020s is forcing Finance leaders to navigate an increasing amount of external and internal complexity. To "lead at speed," Finance executives and teams must master the basic Finance processes, then layer on more advanced capabilities to include operational insights into the financial planning that are critical to driving strategic advantage in a volatile post-pandemic world.

This layering includes streamlining and simplifying operational and financial reporting, implementing agile planning and forecasting, supporting strategic decision-making across the enterprise through period-end performance reporting, and then mastering the art of financial and demand signaling.

While there's no specific roadmap to transform Finance, the six steps suggested in this white paper will help Finance leaders create a framework for conquering the complexities of their own processes and transforming Finance within their organizations. The customer examples covered highlight how these organizations have simplified their IT landscapes and reduced TCO for Finance applications, increased Finance team productivity, shifted more time to partnering with line-of business leaders and increased their business agility. **Now that's leading at speed!**

For more information, visit **OneStreamSoftware.com.**

OneStream™

OneStream Software
362 South Street
Rochester, MI 48307-2240
Phone: +1.248.650.1490

OneStreamSoftware.com
Sales@OneStreamSoftware.com