



Budget Accountability from Ohio to Sri Lanka



Manufacturing Case Study

Accountability

Stein Auestad, Finance Manager at Jiffy Products International, has a lot of balls in the air managing ten subsidiaries spread over four continents. The budgeting process, prior to installing ProfitBase SIM, was cumbersome, with each subsidiary unaware of how their budgets impacted the whole company. With ProfitBase SIM, each stakeholder immediately sees the impact of their budget on the finances of the company, and they become more accountable.



"We continually work with our subsidiaries to improve the accuracy of their financial forecasts. Everyone has a need for good estimates - in terms of earnings, the bottom line and cash impact," explains Auestad. He goes on to say, "Estimated earnings are fairly easy to do, but balance sheets and cash flows are not quite so straightforward. A lot of odd things have cropped up here, and the consolidated estimates will be no better than the weakest link in the chain."

Global Leader

Jiffy manufactures plant plugs and peat pellets and is a global market leader in its segment within the horticultural industry. Jiffy pellets, which consist of compressed sphagnum peat that expands in water, are unique all over the world. The machinery is custom built. Jiffy has production facilities and sales departments in Norway, Denmark, the Netherlands, Sri Lanka, Canada and the USA, as well as sales offices in France, the UK, Germany, Kenya, Columbia and Japan.

"As we have subsidiaries in all four corners of the world, we have to have precise and correct input in order to get correct output. Earnings, the balance sheet and liquidity are all tied in together, so if there is an error in one place, this will impact other places. ProfitBase SIM is a solution which delivers a lot of output from only limited input. SIM is intuitive and simplifies the budgeting process significantly, so users spend more time getting their number right.

Automatic Transactions

Jiffy uses ProfitBase SIM for budgeting and forecasting and is looking to implement ANALYSIS, the ProfitBase Business Intelligence reporting and analysis solution. Their users also want to create custom reports and do ad-hoc analysis to investigate problems from time to time, so ProClarity is also being evaluated to address this requirement.

"Our objective is to be able to look at all our financial and operation figures in one complete and consolidated view. We have looked at other solutions, but have not found one that meets our requirements and budget constraints. Even sophisticated ERP systems lack the same functionality as ProfitBase's solutions," the Finance Manager goes on to say. "SIM has numerous productivity setting, like seasonality curves and also performs automatic transactions, which is a key benefit, since cutting back on the amount of manual work is absolutely essential."



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*Stein Auestad,
Finance Manager
Jiffy Products Int'l*

ProfitBase solutions are powered by:



Inter-company Transactions

"SIM also easily handles and consolidates estimates and accounts between subsidiaries and departments. Purchases in one subsidiary can affect one or more subsidiaries and must be managed. For example, a sale in Columbia could mean a purchase in Denmark so the consolidated result would in fact end up as zero. We have to have a clear handle on this kind of thing", notes Auestad.

Global mean Multi-Currency

Jiffy subsidiaries trade in many different currencies; dollars, euros, Scandinavian crowns and other more unusual currencies are commonplace in the consolidated accounts.

"Transactions made in different currencies must be coordinated and calculated so that we can ascertain the value. We also need an overview of currency exposure risk for the net amount in and out in, say, dollars. If we buy dollars at a rate of NOK 7 per dollar, we certainly don't want to sell at a rate of NOK 6.5 per dollar, and if we do end up doing that, then at least we need to know about it. The currency effect can involve a lot of money," says Auestad. He goes on to say, "Consolidating budgeting and forecasting adds a new dimension that must be addressed, when using different currencies in the various subsidiaries."

Solution to a Complicated Situation

Jiffy had to address the logistics of deploying a global budgeting and forecasting system that addressed subsidiaries in different time zones, common business rules, fast and easy budget consolidation, common language and multi-currency. Jiffy's decision was to implement an English language ProfitBase Server at HQ in Norway. Jiffy subsidiaries log on to the server to work with their budgets. Apart from a few local parameters, the software, the business rules, etc., is the same for everyone. The result is more accurate budgets reduced administration, fast consolidation and a shortened budgeting cycle.

Intrinsic Part of Our Business

"SIM calculates the right answers to some very complicated financial scenarios. SIM has become an intrinsic part of our business management system, making everyone more accountable for their budgets. Ironically, it seems to run just as well in the US as it does in Sri Lanka or Norway because of better Internet connections," says Stein Auestad.

About ProfitBase

ProfitBase provides business performance management software and solutions to the manufacturing, retail, healthcare and services markets. ProfitBase software is used to build solutions that leverage the power of Microsoft SQL Server and Analysis Services to provide information workers with real-time business performance information and the tools for financial planning, budgeting and forecasting.

Information workers use ProfitBase solutions for decision support and to view consolidated information from their various disparate business systems so they can track key performance indicators and create better financial plans.

ProfitBase empowers decision makers with better information to make faster and smarter business decisions. ProfitBase solutions are out-of-the-box business intelligence and planning, budgeting and forecasting solutions that are easily configured and quick to deploy so businesses realize immediate value and fast ROI from their investment.

Learn more about how **ProfitBase** can deliver "BETTER INFORMATION FASTER" to your decision makers at www.profitbase.com.



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How Decision Makers Get...
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