

## Success Story - Agile Forecasting for a Manufacturer

### The Client

Aviana's client, a nationwide billion dollar manufacturing company, offers a wide selection of replacement collision parts and supplies in the automotive industry. For over 50 years, they have served their customers with independently produced parts at competitive prices, thus providing an important and valuable cost-saving choice in a previously noncompetitive market.

### The Client's Business Problem

The previous budget process was supported by a number of manually maintained Excel spreadsheets. A rolling forecast had not yet been introduced to the business. The Excel environment, however, posed the following challenges:

- Time-consuming maintenance
- Lack of integration between different models which resulted in unreliable data and delays in decision making
- Lack of audit and data integrity management features
- Lack of effective version management
- Lack of a tool to enable the business to create an effective forecast
- 52 aggregations were manually created for reporting and decision making on budget buffers
- Lots of manual data entry for HR and expense budgeting
- The monthly distribution were on aggregated level and not on product code level introducing erratic seasonality
- No FTE and salary management tool available
- Medical benefits were flat instead of being options based
- No "Actuals" available to make decision on-line while entering the data
- Many reports had to be created by the IT department to support the budgeting exercise
- 192 separate data load jobs were being prepared for budget upload to the client's ERP system

### Aviana's Solution to Fix the Problem

#### Why Aviana and Cognos?

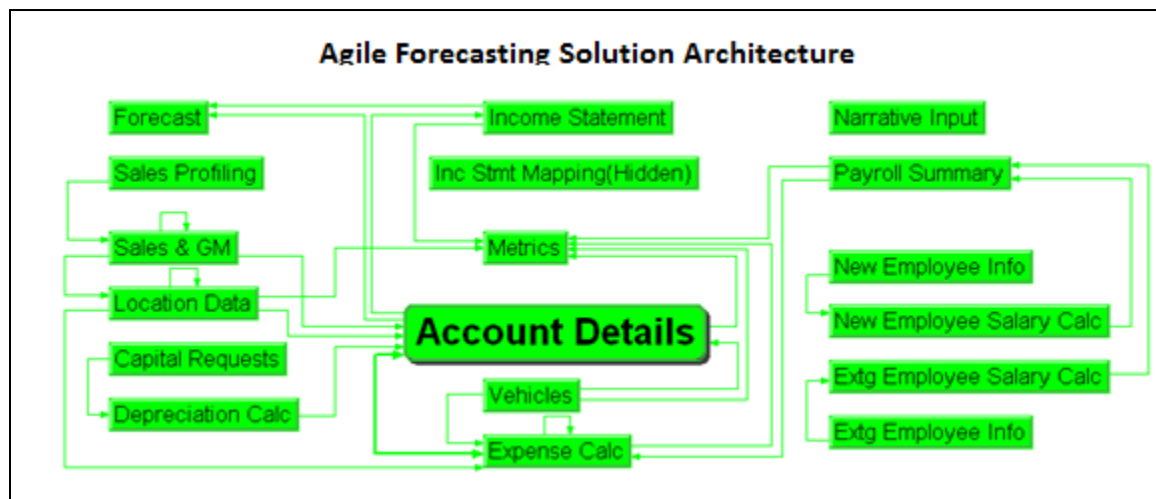
The client's prior experience with the Aviana team's expertise with Cognos products and Aviana's standing as a Cognos Premium Certified Partner were important factors in the client's decision process.

Also, Aviana's reputation of understanding the business processes and delivering quality product and services on time and on budget were critical factors.

### **Aviana's Agile Forecasting Solution**

Aviana built an agile solution that has as its core a budgeting application using the Cognos Enterprise Planning tool and utilized the same application to create a rolling 12-month forecast based on the existing budget data. The application was composed of the following modules:

- Sales
- Expenses
- Fixed Assets/Depreciation
- Compensation
- Financial Summary/Metrics Calculation

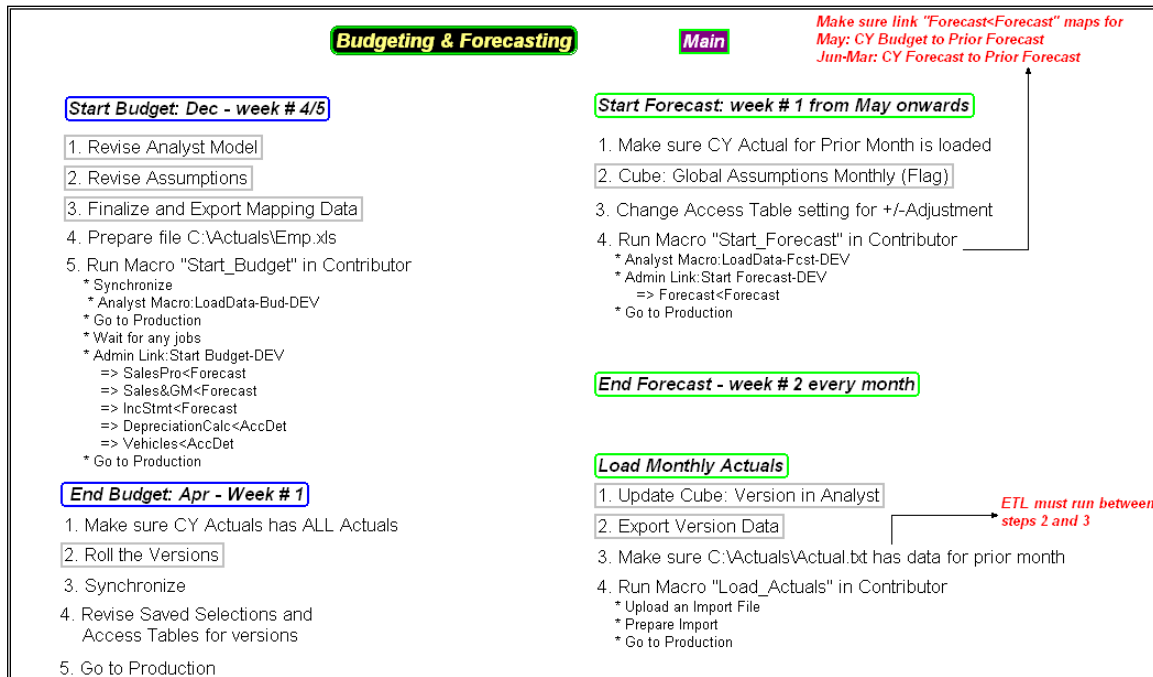


**Figure 1. Agile Forecasting Solution Architecture**

The following interfaces were also built:

- Load of actuals from the financial datawarehouse via flat text file or relational database tables
- Load of compensation/employee data sourced from ADP via flat text file or relational database tables

The budget and forecast data were published for canned reporting using the Cognos BI reporting platform, in addition to in-built ad-hoc reporting capability provided by Cognos Enterprise Planning.



**Figure 2. Budgeting and Forecasting Workflow**

## Tangible Benefits to the Client

Strategic planning has helped the executive management to establish risk-adjusted, short-term and long-term corporate objectives to align people and capital. It has also helped the client's executive management team in establishing corporate objectives, translating these into top-down financial targets, assessing risk and the impact on these targets, and then aligning operational plans with corporate objectives. These had been traditionally accomplished (to a limited extent) using manual, spreadsheet-based processes -- Strategic Planning was a time-consuming, onerous process in that scenario.

Better information access for the company's management team has translated to better tactical and strategic decisions. This increased efficiency and reduced the cost which had a direct impact on the bottom-line. Among the major benefits are:

- Reduce template maintenance
- Rapid consolidation and iteration of plans
- Easier management of plan version
- Standardized planning process by providing a single integrated solution
- On-line access to core financial information

- Provide the ability to collaborate across different business areas
- Provide a platform for moving towards a 12-month rolling forecast
- Align corporate objectives with individual operating plans across the enterprise
- Link plans to market events and operational drivers.
- Coordinate financial and operational plans.
- Shorten planning cycles, increase likelihood of success, and accelerate time-to-value.
- Deliver predictable and visible "best-in-class" performance.
- Quickly respond to market pressures