

“Don’t be fooled by the price, when you start to compare Clarity 6 with Hyperion and SAS what you will gain is the ease of use.” ~ Don Rodgers, Corporate Controller - Jim Beam Brands

MANUFACTURING CASE STUDY



Revenue: \$1.1 billion

Locations: 9 facilities in five countries

Employees: 1,000

Year formed: 1975

Headquarters: Deer field, Illinois

GL/ERP: Custom GL on AS/400

Jim Beam Brands

Situation Analysis

Jim Beam Brands is a leading producer and distributor of distilled spirits, producing the number one bourbon in the world. It is a subsidiary of Fortune Brands, whose holdings include home products company Moen, office products company ACCO World, and golf equipment brands Titleist and Cobra in addition to a number of other producers and distributors of distilled spirits.

As an industry leader whose sales in 2003 were almost \$1.1 billion, Jim Beam Brands has always faced a unique financial accounting challenge. In the distilled wine and spirits trade, the product made today will not be sold for a long time, creating an interesting forecasting dilemma. For example, capital assets have to be accounted for, not from the typical depreciation angle but rather for their appreciation. To effectively manage inventory and sales, estimates of product “depletions” must be quickly available when assumptions change.



Additionally, Jim Beam Brands needed to streamline its budgeting process. "There were too many Excel spreadsheets linked together, which caused technical problems and accounting inaccuracies," says Don Rodgers, corporate controller for Jim Beam Brands. "Changes had to be made manually and tracking these changes was a difficult process. We needed a solution that was less time consuming and required less manual manipulation to be effective."

Solution

Rodgers says their need for a better solution came in mid-January of 2003 when they were in the process of compiling and completing February budgets and knee-deep in Excel sheets and other time consuming reports. A four-person selection team was created and within a one month period they evaluated three corporate performance management software solutions companies; Hyperion, SAS and Clarity Systems.

Jim Beam Brands' evaluation criteria were simple. "We needed something that would allow us to keep using Excel while at the same time leveraging our existing

Essbase calc engine. As well, we wanted it to be Web-based and to have an easy to use, spreadsheet-like interface," says Rodgers. "Clarity 6 was the answer."

With Clarity 6 they were able to leverage their existing models which saved a lot of time in the implementation - something the other solutions did not offer. Since Jim Beam Brands had already made a significant investment in Essbase, they did not want to overhaul their existing system.

Moreover, the Excel-like functionality of Clarity 6 made it easy for their finance team to familiarize themselves with template and report creation. Following the initial implementation, users were creating and deploying templates whenever they needed with little or no assistance from Clarity Systems.

Finally, it required minimal IT involvement and could accommodate organizational changes.

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our existing Excel spreadsheet data and Essbase calc engine. Its web-based application allowed us to tie together users in nine production facilities around the world," says Rodgers. "Now we can easily deploy our data entry templates and reports to the field, with live data or as batch report books. Users can do flash forecasting and see the comparison to actual data in real time, something that was previously done with a static AS/400 green screen."

Results

Clarity 6's web-based, Excel-like interface combined with its scalability and flexibility immediately quickened the budgeting process. Jim Beam can now build models forecasting what spirits they need to make today in order to profit from their sales in the future, and they can concentrate more on the business issues at hand rather than the mechanics of calculating the forecasts.

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With their budgeting cycle significantly reduced, Jim Beam Brands can now re-forecast every month or even more often if needed. This has provided the sales and marketing team with detailed information on the state of the business by allowing them to see what is going well and to figure out what can be

applied to other markets. All of Jim Beam's managers can get immediate access to their updated budgets and with CPM's minimal learning curve there is little IT assistance required.

"Although we started off simply wanting to streamline our budget process, the end result has included a number of extra, unexpected benefits," says Rodgers. "Among them, an improved ability to apply different assumptions and generate multiple 'what if' scenarios the company could never create before."

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