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– Roughan Sheedy, Group Financial Controller, LGC

CASE STUDY



Setting standards in analytical science

Business: LGC is an international science-based company and market leader in analytical, forensic and diagnostic services and reference standards. A progressive and innovative enterprise, LGC operates in socially responsible fields underpinning the safety, health and security of the public and the regulation of industry, for UK government departments and blue chip clients.

Employees: 1,200 (2008)

Founded: LGC was privatized in 1996, having been the Laboratory of the Government Chemist under government ownership for over 150 years.

LGC

Company Background

LGC was founded in 1996 following the privatization of the Laboratory of the Government Chemist and is now a limited company. Since privatization, LGC has significantly expanded its activities through both organic means, and through multiple acquisitions. Since 1996 these have included the outsourcing of analytical services from BNG and Sentinel Performance Solutions and the acquisition of AGOWA, Forensic Alliance Limited, Mikromol, Promochem and University Diagnostics Ltd.

Situation Analysis

Although growing the company from a single entity to a multi-entity operation over the past 12 years has been tremendously exciting and rewarding for employees and customers alike, it hasn't been without its challenges. For the Group Financial Director, the Group Financial Controller and the Statutory Accounting Manager, this rapid growth has necessitated the creation and filing of more numerous and more complex financial reports, both internally focused for management and board members, and externally focused for investors and entities such as Companies House.



The LGC Group Holding Limited has 26 legal entities and each has accounts that need to be filed annually, as well as consolidated in order to provide statutory Group accounts and numbers for the annual report. Previously, hundreds of MS Excel spreadsheets were involved and almost as many MS Word documents. Information in the form of Notes had to be copied out of the Word documents and into Excel documents, using text boxes.

As Roughan Sheedy, Group Financial Controller for LGC recalls, "We were spending way too much time messing around with spreadsheets and Word documents and the work was all very labor intensive and too tied up with Excel. Somebody would insert a new row somewhere or move numbers from one cell to another and it would put one cell out of whack, taking us forever to go back and find the single changed cell."

Given that Sheedy's team members were drafting the statutory accounts for 26 legal entities, frustrating events were becoming commonplace. "When we did the drafting of the statutory accounts, they were all in Excel and someone decided that a type font had to be changed. So I literally had to get somebody to go through 26 large Excel workbooks and change the font on each sheet. As well, there were a lot of 'inserted text boxes' from Word documents that had been dropped into the Excel sheets. Each of those had to be corrected separately, because you can't change them simultaneously using Excel," recalls Sheedy.

"This was not the place we wanted to be, given that I want my team to spend their time focusing on the quality of the numbers and advisory content, rather than the formatting of the reports."

Efficiencies Gained

It took only one reporting period, for the fiscal year ending March 2007 to convince Sheedy to begin researching automated solutions to replace the financial reporting approach he had inherited. He attended a webinar on Clarity FSR™ in October 2007 and deployed the solution in March 2008.

Sheedy's staff basically 'dumped' their account's trial balances through a mapping exercise into Clarity FSR. That trial balance information populates all the numbers required for the report, which in turn reduces the amount of time spent looking for information errors.

"Since all of our information is linked back to our trial balances, by implication you really can't have a numerical information error, as the trial balances represent what one has in the accounts," said Sheedy. "That makes us feel very confident in that we're not dependent on the unsteady Excel environment. Instead, Clarity gives us that solid feeling that our numbers will be consistent wherever they appear. For example, the total sales number in our trial balances will be the total sales number that appears everywhere in the final report."

Consistency of formatting across reports was also improved. "One of the nice features of the product is that in constructing a report template and by setting that up properly the first time, you can then use that Clarity template over and over again. You simply edit the words to be relevant year-to-year – and given that our business doesn't necessarily undergo radical changes year-over-year – the authors tend to not significantly change the wording on most of the Notes, while the formatting remains the same," said Sheedy.

The Statutory Accounting Manager, Tania Ackerman, did just that. She quickly replicated LGC's 2006-2007 Statutory Reports in the Clarity system, and simply updated the information for the current year, in the process providing the prior-year comparator – which has to be published alongside the new figures. "With that exercise we created the template to enable us to automatically create the 2007-2008 Statutory Reports. It took just a few weeks to get all of the reports done for 26 entities and allow for a 'sense check' – similar to an internal audit," said Ackerman.

Clarity FSR Provides Project Management Benefits

Clarity FSR's capacity to 'bullet-proof' the numbers while automatically doing all the formatting is complemented by the solution's project management features. "Prior to Clarity, it was very difficult to keep tabs on information all

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the way through the process. When we were doing it all using Excel, someone had to be delegated to run around, trying to keep tabs on where the contributors to the report were in their workflow. But with Clarity, providing and monitoring a workflow is not a problem,” said Sheedy. “It’s extremely useful to have it all laid out, section by section, so you can determine where the contributors are in the process; what’s complete and what’s not. That’s been fantastically useful for us.”

In addition, Sheedy considers the audit function of Clarity FSR to be another singular benefit. “You can do the audit easily since FSR automatically audits reports for you. If you haven’t done a link properly or set up a page properly within Clarity, it won’t let us save it, and that’s an excellent check. It has saved us a few times from posting something that’s incorrect. The value of that to the department and to the company is obvious,” said Sheedy.

Risks Reduced

As well as delivering operational efficiencies, regulatory risks are reduced by FSR. LGC has a statutory filing with Companies House and there is a time limit on that, and the firm is required to report results to investors and banks relatively quickly after year end.

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What the Future Holds for LGC’s Use of Clarity FSR

Currently, only the Management Accountants are in the queue to work directly in Clarity FSR. “For the first year, I decided that tighter version control was crucial so instead of delegating users, I simply assigned ownership to our Statutory Accounting Manager. We’ll extend that a bit in 2009 but for the time being, Ms. Ackerman is the gatekeeper who will ensure that nothing in our reports is changed inadvertently, and that’s very reassuring,” said Sheedy.

Sheedy would like to expand the use of FSR across this multinational’s global business units.

“We began the rollout of FSR in the UK and that’s been accomplished but many of our overseas’ entities are still in a manual-processing stage, so as my aim would be for our whole financial group to do things the same way, I want them all to end up using Clarity FSR,” said Sheedy. In this manner, the amount of time spent across the group pulling together information will be reduced and another level of consistency achieved.

LGC may also extend the uses of Clarity FSR to include Internal Reporting. “But for the time being” says Sheedy, “we’re focusing on external, statutory reports and it’s doing that very well.”

Internal uses would include the production of forecasting and strategic plans, as those are the kinds of documents that require version control features to be in place, which Sheedy sees as one of the many strengths of Clarity FSR. “We may also employ FSR for our monthly Board of Director reports. Finally, the requirement to create, tag and file our reports in XBRL hasn’t really hit us yet but it will, so we’re pleased that we will be able to tag our reports in XBRL using FSR, as it’s always good to be ready for future regulatory requirements,” Sheedy added.

Summary

“We’re very happy with Clarity FSR. I’m very pleased with the functionality and if a firm is currently using MS Word and Excel to prepare these reports, I’d highly recommend they take a look at Clarity. As mentioned, it’s important to report on time and the earlier we report, the better. But also, FSR makes interactions with our auditors considerably simpler, since we can quickly make any of the auditor’s suggested changes within FSR and get an accurate, professional-looking draft back to the auditors within a day,” according to Sheedy.

Clarity Delivers the Whole Solution

In addition to providing superior software, Clarity Systems has assembled a large Professional Services division – one of the largest in the industry – totally focused on Performance Management. This allows us to maintain the highest standards in every Clarity implementation and provide you with a “one-stop-shop” that delivers a complete Performance Management solution.

Clarity is the Performance Management Specialist

Since 1995, Clarity Systems has been helping large and mid-market companies around the world manage their performance. Clarity Systems understands the challenges that companies face when coordinating a complex Performance Management project. This single-minded focus is why Clarity Systems is known as the Performance Management Specialist.

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About Clarity Systems

Clarity Systems delivers superior Corporate Performance Management software solutions for financial budgeting, planning, forecasting, consolidation, analytics and financial statement reporting to a large, global client base. With a rich feature set, Clarity 6 and Clarity FSR are unified applications that offer the flexibility, security, and control needed to make more informed business decisions while meeting compliance requirements. Named as one of Profit's 100 fastest growing companies and a Branham 300 top 100 IT company, Clarity Systems continues to lead the industry as the independent CPM specialist. For more information, please visit our website at www.claritysystems.com