



“Clarity 6 allowed us to move from a very cumbersome method of budgeting to a much more dynamic and flexible system.”
~ Susan Naylor, Assistant Controller -
HOLT CAT

EQUIPMENT DEALER CASE STUDY

HOLT CAT



Revenue: \$1 Billion

Locations: 384 stores/cost centers

Employees: 1,820

Users: 280

Industry: Sales, leasing, and servicing of heavy machinery and power generation equipment

Situation Analysis

Invention and innovation drive HOLT CAT's success. Since the mid 1880's, this family owned and operated company, headquartered in Texas, has been producing, leasing, and servicing heavy machinery, engines and generators. Their heritage dates back to the creation of the first successful track-type tractor, the Caterpillar, by the founder of the company, Benjamin Holt. From this beginning, the company continued to innovate; inventing specialized land-clearing equipment and manufacturing state of the art gas compressors. In April 2002, HOLT CAT purchased certain assets of a large Caterpillar dealership in Texas and more than doubled its size overnight. This dramatic size increase exacerbated the inefficiency of HOLT CAT's budgeting process. Ineffectual budgeting is something the two original members of HOLT CAT's budgeting software selection team can attest to.

“We were using Excel which caused a lot of linking and roll-up problems with the number of stores and cost centers we had before the acquisition,” says Susan Naylor, Assistant Controller for HOLT CAT. “After the acquisition the systems we were using could not support the increase in business size.”



Preparing and finalizing the budget was cumbersome and unpredictable. HOLT CAT did not have an approved budget entered into its financial systems until the second month of the next fiscal year. They were spending too much time building a budget that in the end because of its lateness, had limited value to the company. The rapid growth of the company only compounded the problem.

"After our growth we found that our structure had changed quite dramatically and we were unable to take these Excel spreadsheets and provide them to the managers in the store format that they needed," says Naylor. "Also, using email to distribute the spreadsheets made keeping track of the changes impossible and finding the most up-to-date version very difficult."

Solution

The qualities Naylor, Stepke and their team were looking for in a system were based mostly on the needs of the cost centers. To get the managers of these cost centers to buy into the product the team knew they needed a system that was easy to use and had the look and feel of Excel. They wanted it to be web-based so all of the store locations could access the system and perform updates

on a real time basis. More importantly, they wanted to have data integrity. They wanted piece of mind that when the numbers were rolled up, the results were correct at every summation.

The selection process undertaken by the team at HOLT CAT was very thorough. They surveyed the cost center managers to learn what functions they wanted in a budgeting software system. Based on this data they created a questionnaire which was sent to software vendors. Once the team received the responses, they narrowed down the field using an in house decision making tool which allowed them to assign weights to each question, rank the vendors' responses to each question, and calculate a score. Clarity Systems topped the competition by over 100 points.

"Maintenance was a big concern for us," says Naylor. "We wanted to control this from the accounting department and not necessarily have a lot of IT interaction. That threw most of the big names out of the running that require a lot more programming knowledge than we wanted to invest in. Clarity 6 allowed us to do report building and template building on the accounting end."

"The response from our managers has been extremely positive. They like that the system is easy to use and efficient and we like the flexibility of being able to provide managers with the reports that they needed." ~ **Gretchen Stepke, Business Systems Manager, HOLT CAT**

Emailing spreadsheets are a technique of the past. Budgeting is done in real time with an audit trail to keep track of revisions.

"Sales personnel also made a difference when it came to evaluating the software," says Stepke. "Anytime we asked our Clarity sales representative to re-demo something or give us a better feel for how our calculations could be done, he went into detail with us, and showed us how easy it was to build the templates and to handle the backend tasks - that was a plus on Clarity's side."

Results

The team at HOLT CAT started discussing the idea of investing in new budgeting software in May. They were able to survey, complete the questionnaires, select a vendor, get trained on the new system, train their end users, submit the budget and have the budget finalized and into its general ledger system by December of the same year. That was the first time in several years HOLT CAT actually made their year end deadline. Clarity 6 allowed them to cut the six weeks of lag after the year end.

"The problem is when you have 400 cost centers and 400 spreadsheets you have to update 400 spreadsheets. With Clarity 6 all we have are 3 templates to update," says Stepke.

With the use of templates, HOLT CAT was able to provide more information to their cost centers. Instead of a blank spreadsheet with a balance of zero, centers were given a starting point that included the prior year and the current year balances and an annualization. It saved time not only for the finance department, to get the budget templates out and ready for managers to use, but also for the managers because they were given starting numbers to create their budget. Emailing spreadsheets are a technique of the past. Budgeting is done in real time with an audit trail so Naylor, Stepke, and

their team can review submissions as they come in and keep track of revisions throughout the budgeting cycle.

In addition, templates prevented managers from altering the format of the spreadsheets, such as inserting or deleting lines which made roll-ups difficult for HOLT CAT in the past.

"Roll-ups are done so quickly now," says Naylor. "Templates have structured the information that managers entered in the budget so we no longer have problems when it comes time to merge our data. Before Clarity we could not get the roll-ups done quickly enough because the spreadsheets and updates were in different formats."

HOLT CAT is expanding their use of the Clarity 6 software. The next step is to integrate the monthly financial reporting application with the budgeting system so that everyone has one place to go to review budgets and actuals. Because of Clarity 6's positive impact on the budgeting process, HOLT CAT expects that its staff will continue to embrace Clarity 6 as it is deployed for additional purposes and to more parts of the organization.

"The response from our managers has been extremely positive," says Stepke. "They like that the system is easy to use and efficient and we like the flexibility of being able to provide managers with the reports that they needed."

"Clarity 6 allowed us to move from a very cumbersome method of budgeting to a much more dynamic and flexible system," says Naylor. "We know that we have data we can depend on and it will allow HOLT CAT to continue to grow and succeed."

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