



macs Software Customer Solution

Case study

“...a particular strength of macs Software is the ability to effectively analyze numerous customers, products and cost centers with it’s user friendly hierarchical design...macs has become an integral part of our efforts to continuously seek opportunities for improvement”

Innovative, Leading Edge Financial Management for a Winning Organization...

Bjorn Kreiter
CFO
Mauser Group



The need to assimilate market trends in an extremely competitive global environment combined with the requirement to effectively manage and control a \$1B global manufacturing and distribution organization led the Mauser Group to select the macs suite of Software as their corporate performance management and budgeting and planning tool.

CUSTOMER PROFILE	BUSINESS SITUATION	SOLUTION	BENEFITS
The Mauser Group with 2750 employees and over \$1B in revenue specializes in Industrial Packaging. Mauser is North America's largest plastic drum manufacturer, North America's second largest steel drum manufacturer, and a leading industrial container supply chain management company. Mauser's has been able to maintain its leadership position partially through its pioneering research in synthetic packaging.	The Mauser Group was looking for a financial management tool that could assist it stay abreast of its competition in the same way the Mauser product developers have been able to stay abreast of its competitors. The tool had to be able to take a predictive view of its environment (rolling forecasts) and support identifying areas of over or under achievement within the organization as well as externally (product and customer profitability)	Using macs Software the Mauser Group was able to better assimilate and determine appropriate course of action in a fast changing environment. Macs provided the ability to indicate which areas of the organization were performing optimally. Focusing and comparing on customer and product profitability was also made possible – better enabling the Mauser Group to focus on the areas which held promise of optimal returns.	<ul style="list-style-type: none"> ▪ Corporate performance management tool highlighting the performance of the various parts of the organization ▪ Budgeting and planning process integrating sales, production and finance activities. ▪ Ability to create rolling forecasts, scenario's and quantify results in a planned profit and loss statement ▪ Flexible internal performance reporting ▪ Flexible customer / product contribution margin management.



Situation

The Mauser group places significant priority on producing a quality product, competitively priced, delivered on time to the location of choice.

During 2004, after a period of phenomenal growth and expansion Mauser embarked on a search for a budgeting & planning and profitability analysis tool that could integrate data from logistics, production, sales as well as finance and HR.

Says Hendrik Scholte, Controller: "It was a matter of cleaning up the proliferation of stand-alone systems which included eliminating the use of spreadsheets which were all characterized by a lack of data integrity and no agreement on common reporting formats." The Finance Controlling team compiled a list of very sophisticated requirements to aid in their evaluation of various software vendors.

The overall aim was to build a global management information system using best practice tools to measure customer and product profitability and to standardize the reporting from all the various source systems, which included the ERP System MFG/PRO from QAD. A critical requirement was also to improve on their budgeting and planning process. Mauser wanted a budgeting & planning process that integrated the various parts of the business, one that was more flexible and less time consuming so that they could perform it more regularly and move towards a rolling forecast type of approach.

After a comprehensive search the business decided in favor of macs Software whose solution impressed in terms of efficiency and flexibility.

The deciding factor to go with macs Software was according to Hendrik Scholte, "the tools in the macs suite of Software have an extraordinary high level of sophistication in management accounting." "The flexibility and ease of use of importing data from various source systems also greatly impressed us."

Solution

Mauser now performs their management reporting, their integrated budgeting and planning, simulations, forecast calculations as well as their key performance indicators (KPI's) from the macs Controlling Suite of Software.

Top down, bottom up planning made easy...

The strategic business initiatives at Mauser drive the yearly budgeting and planning process. Plans are made for sales volume, revenue, pricing conditions and contribution margins by customer and product. All managers accountable in the various business areas are fully engaged in the planning process.

The starting point is the sales plan at the customer-product level where volumes, prices and pricing conditions are estimated.

Actual data is also extracted from the ERP system. Due to the strategic target the budget at Mauser is done 'Top-Down'. The detail plan then is done in a 'Bottom-Up' approach. Summarizations are used to reconcile the detail plan with the overall plan. Plan data can be entered based on open configurable sales and product hierarchies, that is at any level of the hierarchies, e.g. at higher, summarized levels. Special complex requirements can be solved using additional alternative hierarchies and characteristics.

Says Hendrik Scholte: "Very important for us is the ability to carry out simulations, evaluate short term forecasts and projections and the ability to perform "What if" scenarios very quickly."

Cost Center Planning

The production plan derived from the sales plan forms the basis for the cost center plan. Through backflushing the routings the activity type quantities per cost center are determined. Following that a detailed cost center cost plan which includes all allocations and assessments is developed. In macs Cost Center Controlling all overheads are captured for every cost center of the Mauser group. In macs sales & profit these overheads can be assessed and distributed to customer and products using the customer and product hierarchies.

"Very important for us is the ability to carry out simulations, evaluate short term forecasts and projections and the ability to perform "What if" scenario's very quickly."

Hendrik Scholte
Controller
Mauser Group

In this way the income statement is extended from a contribution margin level to the bottom line result in a “stepped fixed cost allocation” approach. Says Hendrik Scholte: “Using this approach for overhead allocation we can very quickly determine the profitability of the various business units.”

Cost on production cost centers are planned based on budget activity level and service cost centers are allocated to production cost centers. This process leads to activity rates for costing. Pre-defined reports for Budget/Actual and Target/Actual comparisons help in the variance analysis against budget, for instance activity variances, spending variances and process/performance variances

Fully absorbed costs are also calculated yearly using planned cost of procurement and planned activity rates. And for all cost centers and cost objects there is a monthly target-actual comparison.

Importing Master Data

Existing master data, BOM's and routings are imported from the ERP system and purchased material prices are planned in macs product costing. Standard and simulated product cost calculations can be performed using latest prices for materials as well as the marginal activity rates as calculated in macs. Says Hendrik Scholte: “macs master data validation routines really helped us improve the accuracy and validity of our master data when loading it into the macs system.”

Product Costing

Within macs we have set up several valuation systems: Budget, Actual, and Forecast in which we value all products. Transfer prices are also calculated during the costing run and stored in the material master of our ERP system.

The variable and fixed standard cost results is passed to macs Sales and Profit for determining an accurate standard contribution margin 1. In this way the sales & marketing accountability for profit variances against budget is clearly separated from manufacturing results. Sales & Marketing is measured on standard cost of sales and measured by sales volume

variances and selling price/ pricing condition variances. Manufacturing is cost accountable and variances against budget are reported separately and are shown in the income statement affecting contribution margin 2.

Benefits

Highlighting Profitable Customers

Data from a variety of sources flows into macs to be analyzed in its flexible functionality. Gaining insight into key business decision making criteria now happens with ease. Accurate customer profitability can be determined in advance, and combinations of customer and product profitability are shown within seconds. Monthly trends in contribution margins highlight the most valuable customers.

Planning to Win...

Scholte sees a massive improvement in the accuracy and breadth of Financial Controlling at Mauser with using macs: “We can now rapidly plan prices and quantities at the product group level” Scholte also appreciates the way macs is able to integrate the sales structures with the production plan and the cost centre budget allowing the cost centre managers to view actual performance versus budgets and flexed budgets.

Flexible, faster reaction times...

Business decisions can be evaluated down to a cost center level. Scholte summarizes his views; “macs Software gives us a level of flexibility never dreamed of before. Management's decision making process is a lot less resource intensive and decisions are made based on substantiated data and calculations as opposed to best estimates. We are so much more able to react to rapidly changing market conditions.”

“A particular strength of macs Software is the ability to effectively analyze numerous customers, products and cost centers with its user friendly hierarchical design.” “Fast, friendly reporting enables efficient financial controlling processes.” “Mac has become an integral part of our ability to continuously seek areas for improvement”, says Bjorn Kreiter, Chief Financial Officer.

“macs Software gives us a level of flexibility never dreamed of before. Management's decision making process is a lot less resource intensive and decisions are made based on substantiated data and calculations as opposed to best estimates ”

Hendrik Scholte
Controller
Mauser Group

For More Information

For more information about macs Software products and services call the macs Sales Information Center at (800) 946 3160 in the US and Canada. Outside of the US please contact your local macs Software subsidiary.

Details of the subsidiary nearest to you can be found at www.macsoft.com

More information about Mauser and its products can be found at www.mausergroup.com

© 2006 macs Software. All rights reserved.

This case study is for informational purposes only. macs Software makes no warranties, express or implied in this summary.