



ENHANCING YOUR COMPANY'S PERFORMANCE THROUGH FINANCIAL PLANNING AND ANALYSIS

Is your finance team a significant driver of performance?

Your company's finance department provides the nexus through which important data about company operations and value creation flows. A high-performance finance team uses analysis and projections to provide actionable insights to the rest of the company from the underlying data. Working effectively in partnership with the rest of the business, the team can



be a key contributor in driving your company's performance.

In this edition of *Executive Issues & Insights*, we explore key insights drawn from the extensive

C-suite and Board experiences of the NextLevel team on how to enhance your company's performance through financial planning and analysis.

NEXTLEVEL CASE STUDY

Financial planning and analysis turns around troubled acquisition

A leading multinational packaged-foods company pursued a growth strategy of acquiring brands and product lines to plug into its strong sales and distribution infrastructure. The company acquired a brand of canned food that, although it was the number two brand in its category, held only a ten percent share of domestic sales behind the leading brand. The company attempted to grow the brand through new frozen products and other food categories; but after two years, the brand had not achieved any of its strategic goals.

The Divisional CFO, now a NextLevel team member, joined a new cross-functional team to turn around the failed strategy. The team conducted extensive consumer research and margin analysis by product. They discovered that the brand's most leverageable asset was its heritage in the original canned food category and its distinctiveness from the leading brand.

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NEXTLEVEL INSIGHTS

Leadership should be aware of the role Finance can play

The finance role in new companies is often focused solely on accounting and compliance. Solid accounting is important; but as your company evolves, the role Finance plays should evolve as well. When it doesn't, it's often because company founders and leadership aren't aware of what a high-performing finance function can look like and the benefits to the business it can deliver. Top leadership must be invested in Finance being a key player in planning, forecasting, and analysis to set the stage for enhanced company performance.

Create a culture where Finance is a proactive contributor to success

Finance is most effective in driving performance when company culture from the top down values it as a full partner in the success of the organization. This can require a cultural shift in both the finance function and the company as a whole if Finance has heretofore focused more on timeliness and accuracy of reports. But when that shift occurs, Finance can help the rest of the company spot key relationships in data and take action on them, rather than just being a reactive reporter of numbers. Having the finance team develop a mission statement that spells out their role and aspirations, and promulgating this throughout the organization can be a useful tool in facilitating this shift.

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They then developed new marketing and promotion strategies to improve the value proposition.

At the team's recommendation, the company discontinued the failed new products and refocused on differentiating the original canned food brand from the leading brand through new television advertising. The refocused strategy improved gross margins and increased promotions efficiency. The company was then able to use its strong sales and distribution infrastructure to expand distribution to the western U.S.

Since refocusing, the acquisition's canned food line has steadily grown its market share by four times to 40 percent of the \$1.9 billion market in its domestic category.

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Ensure Finance understands the biggest drivers of the business

The finance team needs to fully understand the fundamentals of the business, such as exactly who the customers are and how the market is changing. They need to understand the drivers of the business and the ways those drivers have the biggest impact. When they do, they can highlight what is most relevant in the current competitive landscape to those who can take action in the organization. An attentive, insightful finance team that thoroughly understands the business can uncover key, sometimes subtle, relationships that affect drivers of performance. As your business grows and evolves, this will be a dynamic process of re-evaluation.

Integrate processes throughout the company

Often Finance isn't integrated well into the rest of the company, which leads to inefficiencies where time and energy are spent on low-value or redundant activities. When processes are integrated, Finance can work with other departments to get data in a timely manner and analyze that data to reveal key drivers and relationships. Integration isn't just about ERP systems; it is more importantly about the cultural mind-set carried through to processes in which Finance plays a more enhanced role. Integrated processes help Finance play its role in quickly responding to dynamic market conditions and prioritizing actions that are key to enhancing performance.

“FINANCE NEEDS TO
LOSE SOME SLEEP.”

Finance is about more than accounting and reporting. It's about helping steer the business.

KEYS TO ENHANCING YOUR COMPANY'S PERFORMANCE THROUGH FINANCIAL PLANNING AND ANALYSIS

- **Your company leadership:** Are they aware of the role Finance can play?
- **Your company culture:** Does it reinforce the view of Finance as a proactive, dynamic contributor to the company's success?
- **Your finance team's insightfulness:** Does Finance fully understand the biggest drivers of the business and the relationships between them? Can it communicate insights to the rest of the company?
- **Your company's processes:** Does information flow efficiently into and out of Finance so the team can react quickly to dynamic market conditions?

More Information

To learn more about how NextLevel can help you enhance your company's performance through financial planning and analysis, call us at (800) 833-NEXT or email (800) 833-NEXT or email info@nlbev.com.

