

CASE STUDY

Multiple companies and geographies? Need a single view?

Sustained expansion of a company can be attributed to organic growth and strategic acquisitions. Spread over a time span of 13 years, this branching out promises a breadth and depth of products and services that is unsurpassed today. Structures and processes emerge and settle in, where ever you look and soon become overly complex, difficult to tweak or change and can often result in non-performance. Constant and continuous alignment of these to business strategy requires steady investment and management commitment.

How do you achieve this fine balance, harmony and alignment?

The Scenario

The client is a recognised world leader in supplying pumps, valves, seals, automation, and services to the power, oil, gas, chemical, and other industries. With more than 15,000 employees in more than 55 countries, the client provides global reach through local presence. Diverse and layered operations lead to a business model dependent on complex inter-company transactions, thus adding to the complexity in their financial reporting.

The client identified a critical need to:

- Analyse their performance through effective inter-company reconciliation
- Balance transactions integral to their global operations, and maintain this critical chain to support their goal in being a reputable solutions provider
- Implement technology-enabled solutions to avoid Out-of-Balance scenarios in their monthly inter-company closures

In fact, the Out-of-Balance situation was previously managed by over 15 personnel in their corporate headquarters, leading to a loss of man-hours essential to complete the month-end and reporting process. The team found them selves in

constant fire-fighting mode to deliver against deadlines and this situation wasn't sustainable.

The airlocks in information flow, absence of a calibrated chart of accounts, and limited understanding of the process between stakeholders, more than hampered the timely accounting and resolution of intercompany reconciliations.

The Solution

Overall process improvement, with a focus on re-engineering the intercompany reconciliation to improve their capability. We helped the client achieve the highest levels of efficiency through process streamlining and reducing the dependency on previous methods.

A decrease in man hours resulted in an improved turnaround time by over 50 per cent. This increase in operational efficiency included reporting excellence and a comparative reduction in costs.

How did Pierian achieve this?

Pierian deployed an expert team to analyse existing processes

A team adept in Six Sigma methodology studied and documented existing processes (AS IS) specific to

intercompany accounting. The Pierian team collated issues, recorded roadblocks, identified critical failures and presented a value gap analysis between policy objectives and the documented AS IS processes. The team mined data and transactions spanning over previous 3 months to draw inferences and substantiate inefficiencies.

Pierian performed a root cause analysis for all critical failures and assessed the degree of their impact. The process owners graded the prioritising for the resolution of the key failures.

Pierian connected with the employees to define best practice

Partnering with the finance team, Pierian highlighted process controls and defined standard templates customised to fit with the client's business model, in order to eliminate the identified gaps. A programme of process improvement was proposed.

Pierian extended the solution to ensure management involvement

A Change Impact study and report was shared with the client's management to review the potential impact of the proposed process improvement programme. Once accepted, the new process (TO BE) was designed and an implementation plan was defined in collaboration with the process owners.

In a two-month period, the new process was implemented across the client's US operations. Pierian's expertise stretched from Business Process Re-engineering to training the client's team to implement the inter-company reconciliation solution.

The Pierian Advantage

The process is now simplified. Errors have been reduced by a staggering 80 per cent and redundant transaction processing has been completely eliminated. Pierian mentored the client organisation to achieve the highest levels of operational efficiency, and streamlined the reporting.

Founded in 1997, with the merger of two leading fluid motion and control companies, the client registers annual sales of over USD 4 billion.