

Case Study

Renowned Supplier of Quality Pet Food Products

Service(s) offered: **Redesigned the finance function and implemented critical controls for people, policies, and processes**

Sector/Industry: **Food processing**



Redesigned the finance function and managed key controls for a pet food manufacturer

Headquartered in France, our client is one of the leading pet food manufacturers and has a distribution network throughout India. They identified certain lapses within the internal control framework and realized that their finance organization design was not optimized. The client approached Nexdigm to assist them in identifying the role and efforts spent by the existing finance team, compare the same with industry trends and design an efficient organizational structure for their finance function. It also included project management of the implementation of critical controls in the finance department.

Challenge

There were inefficiencies in the way processes were managed due to a mismatch in the documented job profiles and actual jobs performed. The finance organization structure was not strategically aligned with other group companies, and hence they were unable to optimize the finance function or create a balanced and efficient organizational structure.

We also had to consolidate the key controls relevant to the entity, coordinate with multiple stakeholders, and seek recommendations implemented by the respective stakeholders.

Case Highlights

- Eliminated inefficiencies by utilizing spare resources in different processes of the finance function
- Benchmarked the alignment with industry trends and industry best practices
- Aligned the finance function to the goals and objectives of the organization and the group
- Provided a path to the organization on the upscaling possibilities by using technology and standardized processes

Solution

To strengthen the internal controls, we carried out the following exercise:

Prioritization and consolidation of key controls

- We understood the existing processes, policies, roles, and responsibilities of the finance team.
- Based on the review of their internal audit reports and group controls, we consolidated the key controls relevant to the entity.
- We prioritized the key controls and defined actionable for the implementation of controls for the finance team.

Project management

- We conducted meeting with the stakeholders to set clear expectations and managed controls or process enhancements through regular monitoring and discussions with the finance team.

To optimize the finance function and improve efficiencies and organization structure, we performed the following activities:

Conducting a survey using the McKinsey 7S model

- We did a survey within the organization using the McKinsey 7S framework, which is generally used to monitor the implementation of any strategic change.
- As per the framework of this model, if the 7S (i.e. structure, strategy, systems, skills, style, staff, and shared values) are aligned and mutually reinforcing, then the organization can reach optimum performance levels.
- Based on the survey responses, we created a judgment on the finance staff's key sentiments, which helped identify the principal issues in the finance function and its organizational structure.

Benchmarking exercise

- We carried out primary research on comparable companies using secondary research reports readily available in the public domain.
- This exercise helped the client identify gaps in its finance function's structure viz-a-viz industry at each process level, which further led to a root-cause analysis for those processes.

Preparation of scorecards

- We created a scorecard to identify the root cause of the gaps.
- Based on the detailed study of the finance team's as-is structure, this scorecard helped identify areas of improvement, ranging from activities on which unreasonable efforts were spent and critical activities but no/minimal time was spent.
- The scorecard gave insights into making the finance function efficient and aligning senior roles' bandwidth.

Scalability of roadmap - Technology enablement and controls

- We also provided a roadmap in terms of scalability of the finance team while the business grows.
- This roadmap broadly covered the impact of controls maturity, automation, manual operations, and the usage of ERP functions on the organizational structure and team size while the business increases.

Impact

- Significant cost savings of 5-10%
- Achieved efficient and scalable finance function as per the growing business needs
- Conducted an assessment to ensure the effectiveness of the implemented internal controls

For more information on this case study, please write to us at:

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You can also visit our website to know how our services resulted in tangible business benefits:

www.nexdigm.com