

FENMARC GROWS BETTER BUSINESS BUDGETING



HOW IBM COGNOS ENTERPRISE PLANNING IS RESULTING IN A MORE HOLISTIC APPROACH TO FORECASTING

Fenmarc is a dedicated large-scale supplier of fresh vegetables to Asda, one of the UK's leading supermarket chains. The company produces a range of pre-packed and loose products including potatoes, carrots, parsnips, turnips and other mixed vegetables. Fenmarc also manufactures fresh ready meals under Asda's own brand.

The company turns over £110m per year and operates from five locations across the UK in Cambridgeshire, Lincolnshire and Wales.

PROBLEMS FACED

Traditionally, budgeting and forecasting have been the domain of the finance department but many forward-thinking businesses are taking a more holistic approach to these vital areas of business management.

A change in the finance team at Fenmarc provided the opportunity to review the way the company approached budgeting and forecasting. As a result, key stakeholders across the company, from procurement, production, sales and marketing, were brought into the process so that figures more accurately matched the day-to-day needs of the business.

It also enabled the company to move away from spreadsheet-based budgeting and forecasting and use technology to improve the whole planning process, ensuring a more consistent approach across the business.

"Staff viewed our forecasting and budgeting as a bit of a black art. But when my team took over this function, we focused on drawing key stakeholders across the business into the process to ensure a 360 degree approach," said Mike Robertson, head of business analysis at Fenmarc.

STRATEGY FOLLOWED

Working with key stakeholders, the business analysis team within Fenmarc took ownership of forecasting and budgeting from the finance department.

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As part of this transition Fenmarc reviewed a number of technology solutions to streamline the process. As a result, it selected IBM Cognos Enterprise Planning in 2002 and has been using the solution ever since.

The business analysis team developed a number of models within IBM Cognos to produce the company's annual budget as well as six-monthly forecasts on business performance.



Managers across the company input projected data into MS Excel spreadsheets such as sales figures, marketing costs, labour, overheads and costs of materials ready for the start of the financial year. This is then uploaded into IBM Cognos Enterprise Planning for modelling and analysis to produce the annual budget and forecasts for the business.

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Once the annual budget is complete, it is shared with key stakeholders, the Fenmarc board and holding company, Lifecrown. The business forecasts that are produced at the beginning of the year are reviewed every six months to assess how the company is performing against plans and ensure it is on track to meet its annual revenue and profit targets.

“What impressed us about the IBM Cognos technology was its scalability and flexibility. It means we have a solution that has been able to grow with our business and adapt to our changing needs,” said Robertson. “Whilst we still use the core models we built when the solution first went live, we’ve been able to adapt them as our requirements evolve and as the business changes.”

The business analysis team has also worked to provide a predictive planning model using the IBM Cognos solution to enable Fenmarc to undertake complex ‘what if’ analysis. Essentially, this gives the company the ability to create mini business plans to assess opportunities or changes in company strategy. These can cover anything from building facilities, acquiring companies or launching product ranges.

Inca consultants have worked with the business analysis team to develop new models and adapt some of the original models to meet the changing needs of the business.

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BENEFITS REALISED

The primary benefit of the IBM Cognos technology has been the speed at which forecasting and budgeting can now be completed. Many areas within the process have been automated ensuring a more streamlined approach, with budgets and forecasts then tailored to individual departmental needs.

For the business analysis team, it means a significant cut in administration allowing it to contribute at a more strategic level to the ongoing success of the business as a whole.

“Business analysis isn’t just about collating facts and figures to produce annual plans and reports. We can play an important role in the business as a whole looking for areas of improvement which can directly impact the bottom line. This includes tendering for new business opportunities and modelling potential roll outs of alternative operations solutions,” explained Robertson.

MOVING FORWARD

Fenmarc recently completed the acquisition of Pann Krisp based in Wrexham. Now known as Fenmarc Wrexham, Robertson’s team is looking to develop the forecasting and budgeting models used within the main business for this new subsidiary.

This will ensure a consistent approach right across the business with all parts of the company working across a single planning platform.

