

Farécla Products Ltd.

PROPHIX Case Study

Quick Facts

Industry

Manufacturing: Chemical

Company Info

- Operating since 1953
- Annual revenue: £14 million
- Employees: 85
- Number of users: 20
- General Ledger: IRIS Exchequer
- Based in Ware, Hertfordshire, UK

ROI

- Reduced month-end close by 4 days
- Reduced time to create reports from 24 hours to 1 hour/month
- Gained ability to create consolidated financials
- Automated template distribution and data aggregation, previously requiring 8 hours
- Reduced time to update budget data by almost 60%
- Reforecasting now requires about 6 days instead of 16 days per year

“We look at one number, we know it’s right and we send it out. The whole business of having one set of numbers and knowing they’re right and being able to distribute whenever you want has been by far the biggest benefit.”

--Jeff Kipling

Finance Director, Farécla Products Ltd.



www.farecla.com

Facing the pressures to trim costs in a recession and devise more efficient solutions for its growing customer base, Farécla, a provider of surface finishing products for the automotive and marine industry, clearly needed a better solution for budgeting, forecasting, sales analysis, and revenue planning. Choosing PROPHIX to replace spreadsheets resulted in not only highly efficient processes but quantifiable benefits in terms of sheer person hours. PROPHIX has helped improve business performance; as the business grows, productivity is maximised with the same amount of resources.

Background

Farécla is a UK-based, world-facing provider of surface finishing products for automotive and marine trade and consumer customers alike. With a reputation that stretches back over 50 years, the company has seen substantial growth in market share and other benchmarks in the last few years. Farécla’s products are used around the world in body repair shops, and the company also sells a lot of auxiliary support products mainly in the UK market.

Recognising the Problem

While Farécla had a chronic problem with spreadsheet overload in its sales analysis, budgeting and forecasting processes, the ongoing recession provided the trigger for the company’s search for a solution. “At the beginning of 2009, we faced some tricky market conditions, and each department had to make decisions about its overhead,” recalls Jeff Kipling, Finance Director for Farécla. “That coincided with the problem of more and more part numbers and SKUs,

increasing sales, and new customers. We just needed to do something completely different. Likewise with the budgeting and forecasting process—the feedback that came from the guys who were doing it was that it was a really painful experience. It would take a week each time and they were frustrated.”

The company’s recent growth had only compounded the problem. “Four or five years ago spreadsheets were fine, because there was a limited number of customers, a limited number of parts—you could get away with using Excel,” says Kipling. But with the increase in customers, consolidating the spreadsheets became even more onerous.

“We had people spending hours and hours reconciling numbers. We would have three different reports with three different numbers on them from exactly the same figures.” Facing the dual pressures to trim costs in a recession and devise more accurate and efficient solutions for its growing customer base, Farécla clearly needed something better.

“The availability of information to resolve problems and drill down to investigate certain customers’ margins has been great, but the real benefit comes from the ability for business managers to figure out why the margin is down and take corrective action.”

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Implementing a Solution

Determined to find a better solution, Finance Director Jeff Kipling says he compared at least three products initially, looking for a solution that was both affordable and that the company could grow into. “PROPHIX was a better option in terms of its functionality,” says Kipling. He particularly liked the product’s simplicity. “The data analysis was straightforward and comfortable to use,” he adds. “I liked the automatic distribution—looking back now we realise how much time we were spending on that.” He also appreciated the workflow management capabilities.

After implementing the product, the company introduced actual reporting of numbers at the end of the first fiscal year, then got some numbers into PROPHIX for the first full budgeting process, developing forecasting, budgeting and workflow. By the end of 2009, all historical actuals were in the system. In 2010, the company flipped everything over to PROPHIX. In terms of PROPHIX’s involvement, Kipling says the PROPHIX consultants were persistent when confronted with the challenges of their legacy solution. “They knew their stuff—they were technically knowledgeable, and able to relate to the business pretty quickly.”

Benefits

Today, the savings generated by PROPHIX are not only highly noticeable but quantifiable in terms of sheer person hours. “Our accountant used to spend a full day distributing reports, now it’s no time at all,” says Kipling. “In terms of people preparing budgets three times a year, six people would have spent a full week doing budget. Now they do it in two days.”

Kipling says he’s also seen a significant improvement in reporting, not only in terms of accuracy but timeliness. “Before we would have produced a monthly report and had to double check and reconcile it, now we produce the same report every week.” Perhaps even more significantly, there are no more worries as to whether that report is reliable. “We look at one number, we know it’s right and we send it out,” says Kipling. “The whole business of having one set of numbers and

knowing they’re right and being able to distribute whenever you want has been by far the biggest benefit.” He adds that maintenance activities have been eliminated.

The new speed and accuracy has also allowed Farécla to react more nimbly to anomalies. “The availability of information to resolve problems and drill down to investigate certain customers’ margins has been great,” says Kipling, “but the real benefit comes from the ability for business managers to figure out why the margin is down and take corrective action.”

At an even more basic level, Kipling adds that the clarity of the PROPHIX layout saves time by the fact that users don’t need to go hunting for data in the templates. “Just being able to have concise templates in front of you makes it easier,” says Kipling. “When we were working with spreadsheets, if you’re selling four hundred products, the sales guys would have to search down 200 rows to see the numbers they were interested in.”

Perhaps the best thing about the time saved by PROPHIX is the fact that his team can reinvest that time more productively. “It gives the finance team time to focus on value-added activities,” says Kipling. “It’s improved business performance, so as the business grows we can do more with the same number of people.”

Future Plans

His confidence in the improvements he’s already witnessed has even prompted Kipling to set more aggressive goals for PROPHIX and his team. “I’ve set my team the task of reducing the time it takes to do budgeting,” says Kipling. “We were probably getting management accounts out on the eighth or ninth working day, so we have targeted for the fourth or fifth day of the month.” Already the team has reduced that target to the sixth day, so he’s confident they’ll achieve that target by the end of the year. Kipling’s other goals for PROPHIX include expanding the number of users, finessing Farécla’s system of distributing reports, using workflow, and generally expanding the product’s use within the company.

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