

“During the selection process, pmOne understood our requirements the best and successfully implemented them with Tagetik as part of a pilot project. What impressed us most is that the software can unify the planning and budgeting process throughout our company while accounting for the individual needs of specific divisions and departments. In addition, we can use Tagetik to flexibly execute our driver-based concept and run what-if simulations on various levels.”

Christoph Wenner, Corporate Director, Henkel

Company

Henkel

Industry

Consumer and Industrial Business

Corporate Performance Management

- Enterprise planning

Key facts

- 2012 sales: € 16,510 million
- 47,000 employees
- 1,000 planners worldwide

Requirements

- Single solution worldwide
- Rich standardized planning functionality
- Suitable flexibility for business sectors

Benefits and Results

- Transparent enterprise planning in a single system
- Adequate visualization of value drivers
- Shorter planning cycles with less overall work
- Efficient workflow and process management

The Challenge

In large corporations that combine tradition and innovation in dynamic business environments, the accuracy of enterprise planning often has priority over speed. Slow approval processes, highly granular data, and a lack of insight with regards to interdependencies, however, stand in the way of efficient planning processes.

Back in 2010, the financial controlling department at Henkel began to question if the benefits of its current system reflected the amount of time and work involved. To address its growing requirements, the company launched an ambitious project to restructure its enterprise planning process and create a leaner, driver-based approach with a stronger emphasis from the top down.

The Objectives

Planning, however, isn't just a detailed forecast at Henkel. It is a process to attain ambitious goals. The cycle kicks off from the top down and the group objectives cascade from one level of the organization to the next.

The individual organizational levels, in turn, need to validate these targets so that the group can identify potential conflicts in achieving their goals at an early stage. For this concept to work, the operational managers on the lower levels of the organization also need to be integrated in a bottom-up process. Due to the multitude of sub-goals, Henkel's planning process also involves a significant amount of coordination.

Accordingly, Henkel needed to align both the design and structure of the system supporting this process. In addition, it saw a growing need to use the available budget and forecast data to assess risks and take steps in preparing any further actions. Henkel's previous approach to planning focused more on finances than the business itself. The company, therefore, wanted to better utilize the highly granular information it had to clarify dependencies and increase the overall transparency. “Which drivers will help us achieve our financial targets?” was the fundamental question at hand.

The goal of this project was to build a common enterprise planning solution that met both the requirements of the central financial controlling team as well as over 1,000 contributors worldwide. In other words, the new solution needed to easily integrate a wide range of information yet provide the individual business sectors with the maximum leeway to flexibly create their own specific budgets. Henkel also wanted to reduce the amount of administrative work and, therefore, cut costs in the process. Needless to say, the requirements for the new global solution were high.

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Christoph Wenner
Corporate Director, Henkel

In its search for a suitable platform to implement its concept for a modern planning system, Henkel chose Tagetik.

The solution

The project was spearheaded by the group's financial controlling department and included consultants from Tagetik and pmOne (Tagetik's exclusive distributor in Germany, Austria and German-speaking Switzerland), budget contributors from various business sectors, and Henkel's IT department. It started with an intensive concept design phase, which the Henkel project team used to thoroughly identify and document the group's requirements. After a successful pilot project in the second half of 2011, Henkel chose Tagetik as the base solution for its global planning system in the beginning of 2012. Since the implementation was completed on schedule, the company used Tagetik to kick off its 2013 planning cycle. “Since we only chose Tagetik in early 2012 and the system had to go live by midyear, our project was under massive time constraints,” recalled Christoph Wenner, Corporate Director at Henkel. “Thanks to the determination and dedication of the pmOne and Tagetik consultants, however, we were able to wrap up the project both on time and on budget.”

Since Henkel's business sectors all used separate solutions in the past, the project team conducted various activities to clearly communicate the launch of its common global planning tool. The planning community, for example, could access all relevant information regarding the system changeover from a central location, and its members received regular information updates in the form of newsletters. The project team also created handbooks with general as well as specific information for the individual business sectors.

In addition, approximately 800 users worldwide took part in online as well as onsite trainings. The company's centralized shared service center, which was also involved at an early stage in the project, offered additional support.

Following the strategic analysis, the planning process officially kicks off with midterm planning in mid-June. Henkel now ends its top-down planning on a regional level instead of a detailed one as in the past. The annual planning, which begins in mid-August, then validates the group's ambitious targets on an operational level. Monthly budgeting, in turn, is now just a short, highly automated step at the end of the planning process.

As part of the project, Henkel has implemented planning drivers, which now have a stronger focus than financial positions. By helping the planners think in terms of cause-effect relationships, Tagetik enhances the traditional way of planning by positions. In addition to reducing the overall planning volume, this driver-based approach has also created greater transparency throughout the group.

In order to better manage its complex planning processes, Henkel has split the process into detailed sub-plans for its business sectors. A central framework prevents the individual budgets from diverging too greatly while giving the individual sectors the necessary amount of leeway. To ensure that group requirements are adequately addressed, the company uses a driver tree “trunk”, which shows both central and generally valid dependencies.

Beyond this point, the individual business sectors can conduct their planning on their own and in the desired level of detail.

One of Tagetik's greatest strengths as a single solution is that users can run various scenarios on their budget data. “The ability to plan from a single system gives our group an incredible advantage when trying to coordinate the budgets with our business units,” Wenner added.

Henkel benefits from other useful features and capabilities in Tagetik including:

- High flexibility: Each business area can apply its own method of planning as long as it can transfer the final budget into the corporate framework.

“We now have a system that is leading Henkel from an account-driven style of planning to a strategic discussion shaped by cause and effect relationships.”

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- Highly distributed planning: The solution integrates more than 1,000 planners across the different business sectors. Through Web access and the easy spreadsheet integration, they can plan and analyze their data without IT support.
- Workflow support: The workflow monitor with a built-in notification function maintains an overview of the overall process status in spite of the large number of employees involved in the planning process.
- Customized driver-based planning: This is partially centralized and partially individualized due to the seamless spreadsheet integration.
- Simulations: Users can test different scenarios with their budget data on each planning level. The integrated system makes it easy to combine data for new scenarios.

The Results and Benefits

Tagetik has streamlined Henkel's midterm planning, annual planning, monthly budgeting, and forecasting processes. In addition, the stronger focus on top-down planning provides a more binding way to break down group objectives within the individual business units.

Today, Henkel profits from its modern, fast and flexible planning solution.

The integrated system has reduced the number of repetitive loops and the overall amount of work, thereby increasing the overall efficiency of its planning process. The company has successfully shifted the focus of its planning from internal financial views such as detailed budgets on costcenter levels to value drivers including sales, customers, product lines and other external business factors – which, ultimately, drive bottom-line results in the process. As Wenner puts it, “We now have a system that is leading Henkel from an account-driven style of planning to a strategic discussion shaped by cause and effect relationships.”

About Henkel

Henkel operates worldwide with leading brands and technologies in three business areas: Laundry & Home Care, Beauty Care and Adhesive Technologies. Founded in 1876, Henkel holds globally leading market positions both in the consumer and industrial businesses with well-known brands such as Persil, Schwarzkopf and Loctite. Henkel employs about 47,000 people and reported sales of 16,510 million euros and adjusted operating profit of 2,335 million euros in fiscal 2012. Henkel's preferred shares are listed in the German stock index DAX.

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About Tagetik

At Tagetik our mission is understanding the complex challenges that face The Office of Finance and translating that knowledge into intuitive, enterprise-scale performance management software solutions that drive business results. With Tagetik Cloud, or on-premise, you can unify financial and operational planning; shorten your consolidation and close process; immediately analyze results, model and compare full financial statement impact of business scenarios; adjust your strategic plan; seamlessly update rolling forecasts; produce formatted and auditable financial statements and management reports; collaborate on business reviews, and automate disclosure and board reporting. We've built-in the financial intelligence so you can orchestrate some or all of this in one place. Find out why more than 750 customers in more than 35 countries count on Tagetik to improve efficiency, reduce risk, save money and delivers results, visit www.tagetik.com.

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