



## Australian consumer products firm leans on Protiviti's managed business services model to address post-acquisition challenges

### Keys to Success

#### Change Requested

Bring the legacy finance department of a newly acquired firm into alignment with the acquiring entity's more mature processes.

#### Change Envisioned

Assess existing resources, processes and technology and execute a prioritized list of remediation projects deploying a managed business services model.

#### Change Delivered

Substantial gains in cost and time savings, revenue enhancement and risk mitigation across 33 diverse project streams, with continuous value delivery today.

It happens all the time. A successful enterprise attracts the attention of a larger corporation, which envisions greatly expanding the reach of the enterprise through its financial backing. But once inside the corporation, the limits of the company's legacy systems and manual processes become apparent. In some cases, the organization may require a business-wide operational review.

That was the case when a new chief financial officer (CFO) took charge of an Australian consumer goods firm last year. The CFO understood immediately that a makeover of the company's legacy systems and operations was needed, but given the opacity of the internal processes and the available data, it was difficult to determine the shape and extent of the makeover required and how to achieve it.

One thing was clear: The enterprise's digital maturity was low compared to the industry standard. The company's enterprise resource planning (ERP) system was 10 years out of date, and invoices were still processed by hand.

At the CFO's request, Protiviti stepped in and performed a four-week diagnostic review of key internal processes, covering procure-to-pay, order-to-cash, inventory costing and shipping, and customer care. Through workshops with relevant stakeholders and documentation review, we were able to identify the gaps within the processes and how the business operations and technology compare to leading industry practices.

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## Opportunities for Improvement

The diagnostic review identified opportunities for improvement, which we then prioritized under three categories: level of risk if the issue is not addressed, expected capital gain, and level of complexity to implement the improvement. Company executives were provided a holistic one-page view of the most urgent needs with associated strategies for remediation.

The next step was developing a high-level implementation road map to improvement with a three-month execution window. To achieve the transformation as economically as possible, we suggested a blended managed business services (MBS) model. Under this model, Protiviti would continue to deliver strategic guidance, risk assessment and project management, while Protiviti's parent company, Robert Half, would provide skilled and vetted resources who possess in-depth finance and accounting expertise to fulfill front-line functions.

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## Financial Value

In an effort to realize financial value, we helped the company identify and implement 10 unique measures that significantly improved collections, reduced collection times (day sales outstanding) and increased working capital by \$1.9 million annually. We also helped the company switch from a manual customer order process to an automated system to release orders to the warehouse for shipment to customers. Finally, we introduced electronic data interchange (EDI) between the warehouse and the shipping department to simplify the inventory costing process. Perhaps most important, we worked with the organization to develop a variety of system-generated reports that the CFO could readily access. With the data available from these reports, the CFO is now able to make more informed strategic business decisions.

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## Risk Mitigation

Risk mitigation was one of the key criteria for prioritizing remediation efforts. One of the more pressing needs in terms of risk mitigation was achieving better control over expenditures. We helped the company implement a "delegation of authority" based on staff levels and organizational structure so that major purchases would require the approval of high-level managers. We also worked with the company to establish customer credit limits based on the purchasing activity of the customers and their promptness in payment.

Another key area in which we reduced risk was data security related to payment card industry (PCI) compliance. Our technology team ensured the company did not incur risk by storing customer credit card details unsecured and unprotected.

## Continuous Value

The company engaged Protiviti to drive its finance optimization initiative following an acquisition by a private equity firm, but the value of the engagement does not end there. We are continuing to work with the parent company to assess other entities as potential purchase targets. The same diagnostic and improvement mechanisms and tools can be leveraged to optimize people, processes and technology prior to a new acquisition so that the new enterprise is more aligned with the parent company's other subsidiaries. By doing so, the parent company is better equipped to "plug and play" new acquisitions into the larger operation from the time they are on board. Further, the MBS model that the company opted for ensures that gaps are closed, books are in order and backlogs are addressed on a granular level so that future growth of the enterprise would not cause important parts of the business to fall behind.

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Protiviti is a global consulting firm that delivers deep expertise, objective insights, a tailored approach and unparalleled collaboration to help leaders confidently face the future. Protiviti and our independently owned Member Firms provide consulting solutions in finance, technology, operations, data, analytics, governance, risk and internal audit to our clients through our network of more than 85 locations in 25 countries.

We have served more than 60 percent of *Fortune* 1000® and 35 percent of *Fortune* Global 500® companies. We also work with smaller, growing companies, including those looking to go public, as well as with government agencies. Protiviti is a wholly owned subsidiary of Robert Half (NYSE: RHI). Founded in 1948, Robert Half is a member of the S&P 500 index.