

Carving Out a New Finance Function for Urschel Laboratories

Urschel Laboratories, a global OEM of food-processing machinery, wanted to improve the financial consolidation process for their 18 different foreign entities and three domestic U.S. entities. Implementing Prophix has made summarizing information in a meaningful and actionable way easy for Urschel Laboratories' Office of Finance.

Business Challenges

Urschel Laboratories' Office of Finance wanted to resolve their financial reporting & consolidation issues. Financial reporting was completed separately in Excel by all entities using different Excel formats, which made it difficult to blend the various reporting data sources and complete the consolidation process. Urschel also had a tight implementation timeline, as Prophix was installed in February and their CFO wanted Q1 consolidation to be completed in Prophix in time for the May bank reporting deadline.

Why Prophix?

Prior to choosing Prophix, Urschel had been working for many months to develop an internal financial consolidation application. Shortly thereafter, Denise Feece joined the finance team. Her previous experience with implementing Prophix at Coleman Cable and Brock Grain convinced the Office of Finance to select Prophix.

Urschel was confident Prophix had the flexibility to handle multiple data types, both financial and operational. They were also assured that the Corporate Performance Management (CPM) software was easy-to-use and could be implemented on-premise within their tight timeline.

Results

Despite their 60-day deadline, Urschel Laboratories was able complete their core financial model, as well as their reporting and consolidation models. They also implemented a currency exchange process for 11 different foreign currencies. This also allowed Urschel to develop a plan for the first time ever, giving them the opportunity to provide external sources (banks, trustees, etc.) with plan data that holds together across the company.

Urschel's main sources of revenue are the sale of equipment, replacement parts, and wear parts. Their largest expenses are personnel, raw materials, and capital investment in production equipment.

Urschel has a complex organizational structure with 18 foreign subsidiaries, 11 different local reporting currencies and three domestic U.S. entities. They are required to comply with numerous government regulations including the Food & Drug Administration (FDA) in the U.S., as well as Conformité Européenne (CE) in European countries.

Founded in 1910, Urschel Laboratories maintains a global network of highly trained sales personnel and product test cutting facilities. The company retains "laboratories" in its name to signify the importance of continuous research and development in improved cutting parts and techniques. Urschel Laboratories continues to be a strong, engineering driven company.

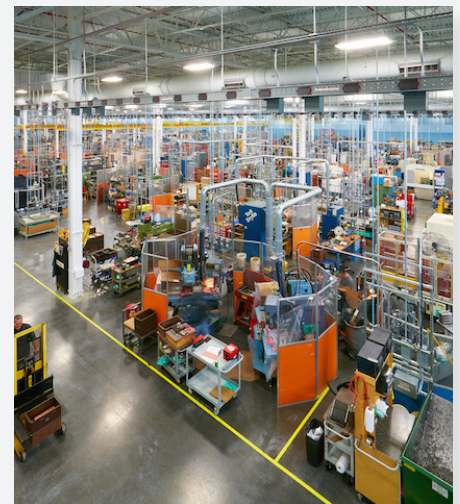
Operating: Since 1910

Website: www.urschel.com

Annual Revenue: 200 million USD

Employees: 400 U.S./500 Globally

ERP: Custom Programmed



Prophix Customer Story

Currently, Prophix integrates with an internally developed business system based on Clarion language that utilizes TPS files and SQL databases.

Urschel Laboratories has expanded their usage of Prophix to 15 integrated models that aid in automating their financial processes:

- **Financial Model** – All general ledger data needed for financial reporting, as well as forecasting and planning for the future.
- **Financial Exchange Rate Model** – Multiple exchange rate types for each currency conversion that needs to happen within the financial model. Urschel uses Month End Rate (MER), Average (AVG), Fixed Rate, Opening Rate, and Historical Rate FX types for various accounts and conversions.
- **FX Data Model** – Source data for the financial exchange rate model. This model performs the required average calculations based on daily FX data.
- **Financial Consolidation Model** – Houses the consolidating and eliminating journal entries necessary to feed into the financial model for consolidation.
- **Sales** – Sales activity by customer, product group, part number, and geographical region for analysis and trending. They have also developed a Price Volume Mix calculation from the bottom up (part level) with a corresponding waterfall chart, all internal to Prophix.
- **Personnel DPM** – Personnel planning for all manufacturing departments and company headcount.
- **Capital Projects DPM** – Forecasting of future depreciation expense based on capital projects planned for the future.
- **Accounts Receivable Model** – Month-end accounts receivable balances needed for automating the reconciliation to the GL, calculating and recording the bad debt reserve based on company policy, as well as reporting of significant past due balances.
- **AR Exchange Rate Model** – Exchange rate data (AVG) connected to Accounts Receivable Model. This is a shell that auto-imports data from the Financial Exchange Rate Model and is used to convert the data in AR, so Urschel can view past due and reserves from a global perspective.
- **Standard Cost Calculation** – Plan data for manufacturing departments is transferred from the financial model. This data is then spread across various cost centers within each manufacturing department, based on a handful of allocation drivers. The end result is the calculated overhead rate for the coming year for each work center. Additionally, departmental allocations are calculated within this model based on identified cost drivers.
- **Fixed Assets** – This model was specifically designed to handle the Historical Rate calculation of FX for their European business that uses USD as their functional currency. This essentially calculates the historical weighted average exchange rate for each group of assets to be used in the Financial Exchange Rate cube.

- **Daily Sales** – This model captures sales on a daily basis and using the relationship of actual shipping days expired to total forecasted shipping days for the month, publishes a daily report to top management of the MTD sales, as well as the projected full month sales based on that daily average rate. The result is then compared to plan and prior year.
- **Inventory** – All month-end inventory positions and monthly inventory transactions are pulled into this model. Analysis is performed to understand inventory roll forward variances (parts where beginning balance +/- transactions <> reported ending balance). Automated reporting for book to perpetual reconciliations, as well as exception reporting on large roll forward variances make it quick for Urschel to know what parts to analyze further.
- **Production** – Captures earned hours by part and work center, quantity produced, hours worked by man and by machine to understand efficiencies and utilize captured information to make business allocations more accurate. Data in this model feeds the manufacturing supervisors dashboard that Urschel has created in the Prophix Web Client.
- **Scrap** – Captures quantity scrapped by part and department, along with a calculation of lost production time due to producing scrap. Trend reporting and analysis from this model feeds the manufacturing supervisors dashboard that is available in the Web Client.

Implementing Prophix has allowed Urschel to raise awareness among department managers on how their decisions impact the organization financially. The finance team at Urschel has also been able to provide more valuable input into decisions that impact volume and resource investment decisions - either in personnel or capital.

Future Plans

Cash flow planning and profitability analysis will become an important part of Urschel's future use of Prophix. They also plan to automate additional month-end financial processes, refine and further develop their sales planning across foreign offices, and further integrate planning across the global entity.

About Prophix

Your business is evolving. Your systems should evolve too. Achieve your goals more successfully with Prophix's innovative Corporate Performance Management (CPM) software. Improve profitability and minimize risk when you automate repetitive tasks and focus on what matters. Budget, plan, consolidate and report automatically. Whether in the cloud or on-premise, Prophix supports your future with a platform that flexes to suit your strategic realities, today and tomorrow.



www.prophix.com

Head Office

350 Burnhamthorpe Road W,
Suite 1000 • Mississauga, Ontario
Canada • L5B 3J1

+1 (905) 279 8711
info@prophix.com

Additional Offices

USA: +1 (800) 387 5915
UK: +44 (0) 118 900 1900
Europe: +45 7023 2375
DACH Region: +49 69 509 565 605
Brazil (Rio de Janeiro): +55 21 3094 3900
Brazil (São Paulo): +55 11 3583 1678