# planful

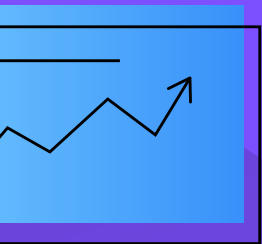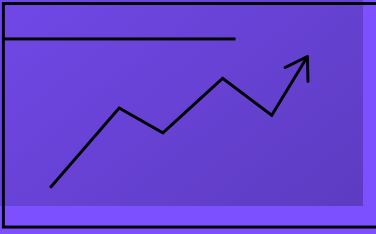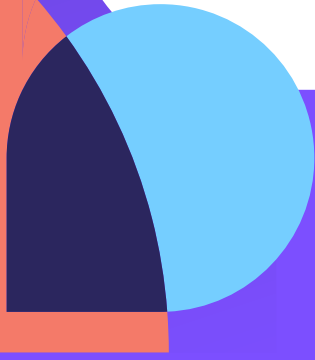## Global Industrial Company

# Global Industrial Company Finds $12 Million Cost-based Pricing Turnaround Using Planful

# Challenges

This global producer supplies makers of consumer and industrial products with over 10,000 products generated from more than 1,000 raw materials. As the pandemic took hold and workforce disruptions drove up prices of those raw materials, however, it was critical for the company to understand the impact on its bottom line.

"We were being very reactive because we wouldn't see the increase in raw materials costs until it came through on our financial statements," said the company's Director of FP&A. "It might then be two- or three-months down the road before we could change our price, which put us behind by two- to three-million dollars per month."

Contributing to the pain was the company's siloed internal systems, which was the result of numerous acquisitions and far-flung manufacturing locations. The company had over 20 instances of nearly a dozen ERP systems, with no integration or centralized view of the data. To understand costs, Finance had to manually extract and load data from those systems into spreadsheets.

"We noticed very quickly in 2021 that our raw materials costs doubled or tripled across many different segments," they added. "We have several thousand transactions per month and would review them monthly. We started to find hundreds of customers below our minimum margin targets and hundreds that hadn't had price increases in a year."

That tedious, spreadsheet–based analysis gave the company an insight into the business impact of increasing raw materials costs, but it was a slow process. And, the company wanted to dig deeper to understand how rising costs would impact its business in the coming weeks and months.

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"We had individual spreadsheets with manual bills of material structures for our business, but we needed a central point where we could look at historical costs and build dynamic models," they added. "We were playing catch up, and we needed to get ahead of this."
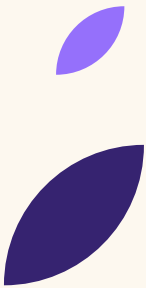
# Solutions

Working with Bakerfield Solutions, a Planful partner, the company deployed Planful for close and consolidation and dynamic planning. Planful formed the foundation for a single repository for data from its disparate ERP and other systems and elevated the company out of spreadsheets.

"Planful is the central point where we can look at historical costs for these raw materials and estimate future costs," they explained. "It simplified the process for our sourcing folks who procure contracts on raw materials, commercial folks involved with our customers, product management folks managing our margins, and the finance folks driving the model. It brought collaboration for all of us."

Using models built in Planful, the company worked with the various teams to gain more visibility into how rising raw materials costs translated into finished goods costs. Planful also enabled the company to run different scenarios to see how changing costs would drive prices and margins in the future. And, given the thousands of SKUs across the company's product lines, those insights helped sourcing teams focus on finding better deals for the raw materials that had the most impact on its business.

"Planful lets us filter by company, business unit, raw material, or even product line," they said. "We have so many products, and people manage certain groups, so they need to filter down and see what really impacts them."

Soon after, the company used historical trends to forecast future costs and model different cost and pricing scenarios. That further helped sourcing teams see where they might need to find new suppliers. It also helped the company justify price increases with customers because it had the data to back up the changes.
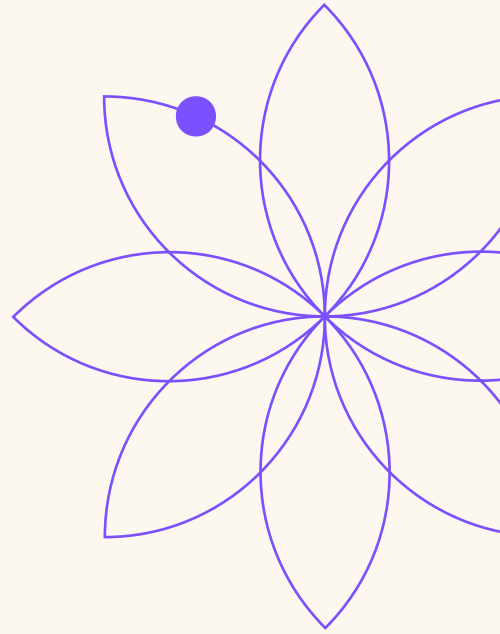
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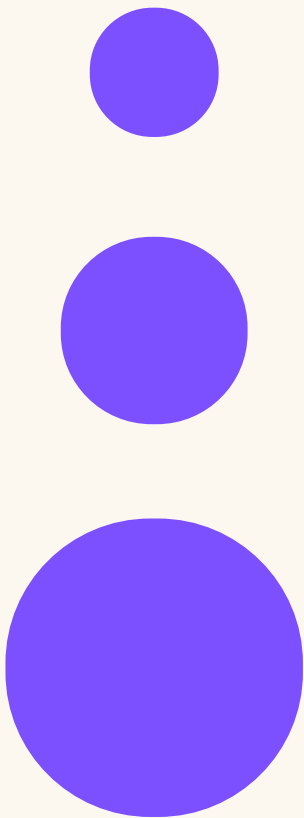
With Planful to streamline close and consolidation and centralize key financial data from across the business, this global company now has more time to understand the impact of shifting raw materials princess. Simply moving out of spreadsheets has saved the company countless hours on its pricing analyses. But, more than time, it's given the business a clear and up-to-date understanding of cost and pricing structures.

"Right now we're running probably seven- to nine-million dollars ahead per month because we are beating cost changes before they come through our cost structure," they added. "Planful has dynamically changed the way we look at our business. It's changed the way we approach pricing altogether."

The company can now understand the business impact of raw materials costs quickly and more clearly, easily collaborate with the business to adjust supply strategies, and work with customers to price accordingly.

"Planful creates collaboration that we never had before," they said. "That's finance, procurement, product management, and commercial teams talking on a regular basis to see how [raw materials costs] impact our business and what we can do to get in front of those increases with customers."

The combination of collaboration and insights provided by Planful has reshaped how raw materials costs impact the company's overall business. The success drove it to use Planful for rolling forecasts, create new market scenarios that can power models for future price and margin targets, and look into sales trends across product lines, customers, and regions. The company also plans to create executive dashboards to summarize these insights for key decision-makers across the business.

"Planful has allowed us to pivot from being a reactive company to being more proactive," they concluded. "We went from changing prices once a year to now looking at pricing twice a month, and Planful gave us the tools to do it. We've completely changed as an organization because we just can't operate in that world anymore. Planful has really helped us realize that."