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FINANCE TRANSFORMATION THAT GETS RESULTS

CONSOLIDATING FINANCE & ACCOUNTING OPERATIONS

Executive Summary

You've acquired a company or two or four or even forty. You've integrated all your legal entities and consolidated your financial systems. On paper, you've centralized. But if you haven't driven operational integration out in the field, you aren't enjoying all the benefits you expected from your acquisitions. As a \$10B CPG manufacturer discovered following a spree of friendly acquisitions, the initial efforts by big-name strategy consultants were stalling, and the core operations weren't integrating at all. How could management transform the entire finance and accounting operation quickly? Enter PRGX Advisory Services.

Working side-by-side with the senior executive team, PRGXSM professionals designed and built a program and reset and accelerated a "client-led" transformation that rippled through the organization. Before PRGX, inefficiencies in the transformation effort were painfully obvious, but the integration team was tapped out. So the Advisory Services team gave them a helping hand, and together accelerated the stalled consolidation effort, enrolled all key internal customers and focused on accountable – and flawless – execution of change initiatives. The result? Major productivity gains... and a new way of managing the business. True transformation doesn't end... it keeps on delivering results.

A multi-billion dollar CPG manufacturer

Challenge

- A big-name strategy consultant couldn't consolidate the finance organization despite the "best-laid plans"
- Despite a valiant effort to integrate, the post-acquisition operation still included over 100 disparate finance and accounting groups
- Consultant-weary executives needed operational transformation, but the line managers were tapped out

Approach

- Retain PRGX to launch a client-led transformation
- Embrace large-scale change to create a cost-effective, customercentric organization
- Drive towards consolidated "centers of excellence"

Results

- Consolidated 100 finance and accounting organizations into 5
- On track to merge 100 A/P groups into a single centralized function
- Immediate operational gains in cost, quality and satisfaction



Operations Consolidation: The Holy Grail of Mergers

Our client in this case is one of the largest processors and distributors of dairy products in the world. Through a series of acquisitions, it grew rapidly to over 50 brands, supported by over 100 field finance and accounting organizations. A strategy project developed by a well-known consulting firm recommended the centralization of many disparate Finance functions into five accounting centers and one shared service center for Accounts Payable (AP) and Payroll. These consultants went to work, but their first attempt at implementation (in Accounts Payable) failed: the operations were complex, the managers were not engaged, and the environment quickly deteriorated into a "consultants-versus-us" situation. The effort stalled.

Enter PRGX Advisory Services and the firm's Finance Transformation professionals. These professionals have learned that often in post-acquisition environments, what gets consolidated on paper legally and financially doesn't always translate to the Holy Grail: hard dollar gains from improved operational integration, even in a finance function. How could our client drive further transformation in a change-weary environment? The PRGX Finance Transformation professionals knew exactly what was needed.

People Driving Projects, Not Projects Driving People

As a trusted advisor to the CFO, PRGX organized a team of our clients' managers and put client leaders (not consultants) in charge of transformation projects. A key to success in any operations integration initiative is resource management, but so is consultant management. The PRGX way is to act as a "guide on the side," not as the "sage on the stage." This model is highly effective in helping the organization rally behind the cause, especially a cause as complex as consolidating dozens of Accounts Payable operations into a single shared service center.

Consultants Drive Process, Not Projects

Another key success factor in finance transformation is differentiated roles. Client teams are excellent at digging into the operations, knowing the people and processes and technology, and delivering on projects with measureable goals and timelines. Consultants are ideal process drivers: orchestrators who can help keep a myriad of projects and teams on track and coordinated. To consolidate over 100 finance operations quickly and effectively, you need a combination of both. The client leaders and the consultants must work and act as an integrated team, a practice that resides deep within the PRGX DNA.

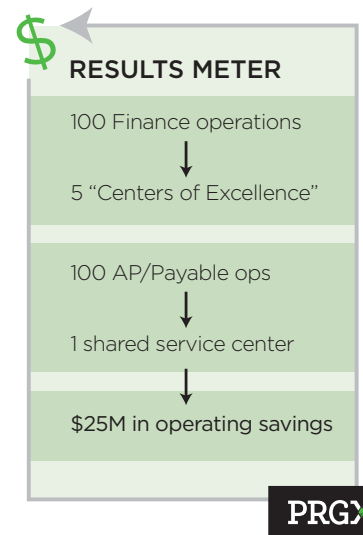
“Opening Up” in Finance Transformation

When dozens of processes and organizations are consolidated, rest assured that a large part of the integration effort will be on the “soft” issues: guidance, coaching, facilitation...and what we at PRGX call post-acquisition “opening up.” But it’s more than just talking though the issues with internal stakeholders: successful change requires a firm foundation – a solid team structure and disciplined process underneath. Reasonable and comprehensive work plans developed by PRGX and client leaders were a driving force that helped our clients’ teams manage through the rough spots like headcount reductions. And PRGX’s approach to constant and clear communications ensured that there were no surprises: this led to a collaborative, trusting environment that accelerated decision-making.

Real Results, Real Change

With PRGX onboard, client-led teams were able to consolidate all of these processes and organizations into just five (5) accounting “Centers of Excellence.” And the 100+ Accounts Payable and Payroll functions? Those were all centralized into just one (1) Shared Service Center. The economies of scale and the operating efficiencies have been staggering, as measured by cost savings, speed and timeliness of processing, improved quality and customer and vendor satisfaction. And through the PRGX experience, our clients’ Finance function gained transformation expertise that is recognized throughout the company.

PRGX’s APPROACH TO FINANCE TRANSFORMATION



Lessons Learned

In any transformation effort, generating results is the primary objective. But what does that really boil down to? Four important lessons:

1. Leadership must be unbelievably practicable in driving the overall effort, and these leaders must plan for realistic change and push in a pragmatic fashion.
2. Engender true empathy and trust between factions and in the various line and staff leaders and teams.
3. Reset the business case around real and achievable metrics and financial results.
4. Quick and early success is paramount for building momentum for the project.

Transformation doesn't end with integration. Today our client's and PRGX's teams are identifying further work reduction and process elimination opportunities, and new KPIs are being developed to measure and track performance. For our client, transformation starts when the acquisition is complete. But it doesn't end, and neither do the results.

About PRGX Advisory Services

Finance executives regularly require outside help to identify and realize profit improvement opportunities. Our advisory services combine data analytics, deep functional expertise in Finance & Accounting, and a practical hands-on approach to help clients improve their operating margins.

We help senior finance executives optimize working capital, reduce enterprise costs, transform the finance function and improve corporate performance.

Headquartered in Atlanta, Georgia, PRGX is publicly traded on NASDAQ under the symbol PRGX.

For more information, go to: www.prgx.com



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