

SCHAFFER CASE STUDY

CFO Tackles the Challenge to Become More Nimble

SIMPLIFYING A PHARMACEUTICAL MARKET LEADER

Schaffer Consulting helped members of the executive team clarify their goals after the CEO issued a challenge to simplify processes. The CFO reduced budgeting cycle time by 65% and overall planning by 50% within three months. The effort was expanded to all divisions and helped planners gain confidence in their forecasting abilities.

CEO CHALLENGES EXECUTIVE TEAM TO BECOME MORE NIMBLE



In the wake of completing a major acquisition, the CEO of this pharmaceutical market leader, concerned with the challenge of shifting strategic direction and becoming more nimble in serving customers, introduced a simplification initiative. He challenged each member of the executive team to launch simplification initiatives in their businesses and functions. While significant, measurable improvements were targeted, the initiatives were also intended to build the leadership capability of company leaders at many levels of the company.

SHIFTING STRATEGIC DIRECTION

The CFO responded to this invitation by prioritizing an effort to streamline the company's approach to planning. He felt that long range planning, quarterly financial forecasting, and annual budgeting activities were long cycle exercises in producing unreasonable precision in estimates rather than thoughtful insight and decisions about future alternatives. He also believed that these processes were consuming too many resources – resources that needed to be redirected to managing and improving operations.

CFO STREAMLINES PROCESSES

Schaffer worked with the CFO and two initiative leaders to clarify the initiative goal: to reduce the budgeting cycle time from 5-6 months to 2 months (about 60-65%) and to reduce overall planning effort by 50% by the end of the year. We then worked closely with a multi-divisional, functional, and regional design team to phase and manage the initiative, and to determine the priority and sequence of many discrete improvement steps.

SIMPLIFICATION DELIVERS FINANCIAL RESULTS

Within the first three months of activity, the team eliminated five months from the annual budgeting cycle in the two largest divisions and reduced forecasting time by almost half. The team also introduced more relevant market and operational data to help focus more effort on the themes and forces that affect the business while developing budgets.

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