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~ Megan Harris, CFO - Ocean Nutrition

Ocean Nutrition Canada

OCEAN NUTRITION CANADA
wellness through innovation

Revenue: $100 million

Product: Omega-3 health supplement

Employees: over 300 in North American

Users: 45

Administrative Office: Darthmouth, Nova Scotia

Situation Analysis

When it comes to your health, Ocean Nutrition cares. This Nova Scotia based company is in the business of discovering, manufacturing, and marketing Omega-3 based ingredients that improve human health. With the world's largest production capacity for Omgea-3, their broad customer base includes multi-national companies in both the dietary supplement and the food ingredient categories. Their feature ingredient, MEG-3â, is in 8 billion supplement servings and 2 billion food servings worldwide. With so many customers, capturing detailed information on volume, selling price and costs was difficult to do using their home grown Excel based system.

"There was a lack of validation and linkage in our spreadsheets," says Megan Harris, CFO for Ocean Nutrition. "There was no way to ensure that the data was accurate and flowed up the way that it should. Accountability, responsibility and control at the reporting and even at the departmental level were non existent. All users, regardless of their position or department, did not own the budget. It was seen as Finance's budget."

Disconnected processes and a lack of delegation meant the finance team had to intervene and manually streamline or adjust the data along the way. Reporting was also done manually by putting all the information together and sending reports out to management on a regular basis. Different reports were created depending on who the reports were intended for and the use.

"Previously there was little understanding of the financial information thus requests could be or were made and decisions or actions were taken based on incomplete or inaccurate information," says Harris. "We needed more control over the data individuals had access to, to ensure we were all on the same page."

Solution

Ocean Nutrition implemented Clarity 6, Clarity Systems' corporate performance management (CPM) solution, to consolidate and derive budgeted and forecasted financial data. Ocean Nutrition's budget includes fixed assets, capital spend and a complicated HR component comprised of projections for salaries, benefits and vacations. The challenge was accurately tracking and consolidating this information using a unified solution with consistent data, rather than disjointed parts and multiple versions of the truth.

"Budgeting/forecasting and consolidation in the manufacturing environment is not an easy thing to understand," says Harris. "From meeting our accounting and regulatory standards to gathering information from multiple data sources, it's always a challenge from a consulting standpoint to understand what exactly it is we need. We were not only looking for a unified solution but also a consulting team that understood our industry and could help us pull this information together."

Clarity Systems offer the solution and industry expertise Ocean Nutrition was looking for. During the vendor evaluation process, Ocean Nutrition provided Clarity with a budget file in Excel that was currently in use. Clarity Systems presented an effective proof of concept of how they could merge their data and files, organize data based on their organizational structure and improve their reporting process.

Results

One of the obvious benefits of Clarity 6 is that it is web based. Clarity users at Ocean Nutrition are located around the world, including Asia Pacific, Australia and across the US, and can be found in all departments. Sales, Marketing, Quality Assurance, Quality Control, Research and Development and all the Plants conduct their budgeting and forecasting online using Clarity 6. Accessing templates over the internet means users could access a spreadsheet in Clarity 6, open it in Excel, manipulate the data and save back to the system.

"The fact that the solution was Excel based was an obvious benefit for our users who are comfortable with this Microsoft tool," says Harris. "Users are able to create their own templates and reports and customize it to their department and objectives. At a moments

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CLARITY systems

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The software proved to be convenient, especially for creating reports. Before using Clarity, it took the finance team over a month to create month end reports whereas now it takes only seven days. Ocean Nutrition tracks sales growth and profitability by account, region and segment and runs reports at every level such as sales by segment, by account representative, by territory and by customer. With this information, users can identify spending patterns, variances, and attainment of tactical plans to make adjustments to their behaviour and strategies accordingly. They implemented a central repository system to ensure everyone is basing their decisions on the same information. This created one source of information and one version of the truth to achieve consistency within the organization and ensure productive operations. In addition, they have developed a very detailed process for user accountability by placing ownership of forecasted data with the departmental and brand managers.

"The audit trail and information traceability is fantastic," says Harris. "When you have employees in different locations entering data and trying to determine the status of their submissions, we can depend on Clarity 6 to manage all this information. The audit trail component of the system provides comprehensive data lineage which lets us quickly identify changed information, by whom, and when. This has created a high level of data integrity for us as information on sales, customers, product development and so on is accurate and current."

Budgets, forecasts, and actual results are easily updated and can be viewed at any time. All the manufacturing overhead costs and departmental expenses are tracked in Clarity 6. Ocean Nutrition can also capture actual and forecasted sales by customer and SKU to monitor growth and customer profitability. The company has nearly 500 SKUs that are monitored by Clarity 6. Ocean

Nutrition also implemented an HR component that supports three different payroll systems. It allows them to conduct projections on HR operating costs such as salaries and allocate travel allowances, benefits, vacation pay, and more. They have also developed an intelligent forecasting system which has essentially replaced their budgeting process.

"With the forecasting capabilities in Clarity 6, we can conduct monthly, sales and rolling forecasting," says Harris. "We can see how changes in the market impact our results and quickly react to changes to ensure we always maintain the level of performance standards expected at Ocean Nutrition. Forecasting will replace our need to budget."

Ocean Nutrition found the Clarity services team very helpful in implementing the solution and providing suggestions for template designs that fit their unique business structure. Clarity's experience in implementing CPM solutions for customers in the manufacturing industry was evident. During the implementation and post-implementation process, the Ocean Nutrition team and the Clarity services team held weekly meetings to ensure the project moved according to plan and that everyone met their project goals.

Ocean Nutrition plans to further improve performance management by implementing Clarity FSR (Financial Statement Reporting); a comprehensive solution to an organization's external reporting requirements by automating the creation of the quarterly reports, board books, plus any other external reporting requirements.

"Clarity 6 has helped us to streamline our financial processes so everyone sees and has access to the same information," says Harris. "The solution has been warmly received by our user community who describe it as 'easy to use' and 'extremely useful' in their job. It's safe to say that Clarity 6 will have a profound effect on how Ocean Nutrition manufactures healthy ingredients in the years to come."

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