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INFORMATION



Optimizing Global Treasury Operations in an ERP Environment

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Agenda

- Company Profile
- SCJ's Strategic Treasury Vision
 - Key Drivers for Change
 - Strategic Treasury Vision
 - Global Treasury Organization
 - The Treasury Value Proposition
- SCJ's Treasury Architecture Project (TAP)
 - Core Elements
 - KPI's & Analytics
- Benefits
- Key Learnings

S.C. Johnson & Son Profile

- Branded consumer products manufacturer
- \$7 billion annual sales
- Operations in more than 70 countries worldwide
- International business represents approximately 60% of total sales
- Privately held – 5th generation family ownership
- Major product categories include:
 - Air Fresheners
 - Consumer Insecticides
 - Home Cleaners
 - Storage Bags and Wraps

S.C. Johnson Brands



SCJ's Strategic Treasury Vision

Key Drivers for Change:

1. Business Complexity:

- Increasing size, nature and complexity of SCJ's business leading to greater financial risks .
- Business model changes

2. Global Process Standardization/Centralization:

- Single instance global ERP system (SAP)
- Establish a platform to standardize business processes
- Enable visibility of global financial information
- Create opportunity to reduce financial risks, leverage scale and reduce expenses.

3. Decision Support/Reporting:

- Provide a consistent analytical framework to guide decision making.
- Establish Key Performance Indicators (KPIs) and tools to measure and report performance

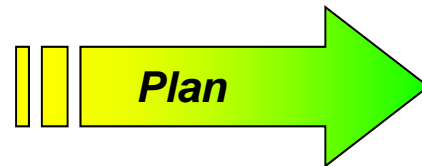
4. Controls:

- Address a derivatives control issue cited by Corporate Audit
- Improve the consistency and accuracy of accounting for financial transactions via automation.
- Sarbanes-Oxley

Treasury Strategic Vision

Treasury Yesterday

- **Data rich, information challenged**
 - GTM outdated and unsupportable
 - Sub-optimal resource deployment
 - Poor forecasting tools
 - Control issues cited by Audit
 - Limited executive reporting
- **People vs process orientation**
 - Ad-hoc analysis
 - No standard analytical tools
 - No clearly defined targets/KPI's
- **Inadequate customer focus**
 - Business unit support part-time
 - Geographically remote
 - Support ad-hoc
 - At times not aligned with business
 - Communications inadequate
- **Resource constrained**
 - Staff at or near productive limits
 - Not scalable to support business growth



Treasury Today

- **Financial Perspective**
 - Focus on defined KPI's vs target
 - Minimize weighted avg. Cost of Capital
 - Reduce risk and cost
- **Customer Perspective**
 - Proactive, out in front of issues
 - Strong alignment with business priorities
 - Reputation for outstanding service
 - Increased customer intimacy
- **Process Perspective**
 - Achieve operational excellence through automated, efficient and std. processes
 - Scalability of treasury operations
 - Controlled processes
 - More analysis, less data gathering
 - Comprehensive, quality reporting
- **People Perspective**
 - Reduced risks associated with staff turnover
 - Improved development opportunities
 - Improved work/life balance

Treasury Organization - Before

- *Centralized strategy, decentralized execution*
 - *No formal reporting link to Corporate Treasury.*



Treasury Organization - After

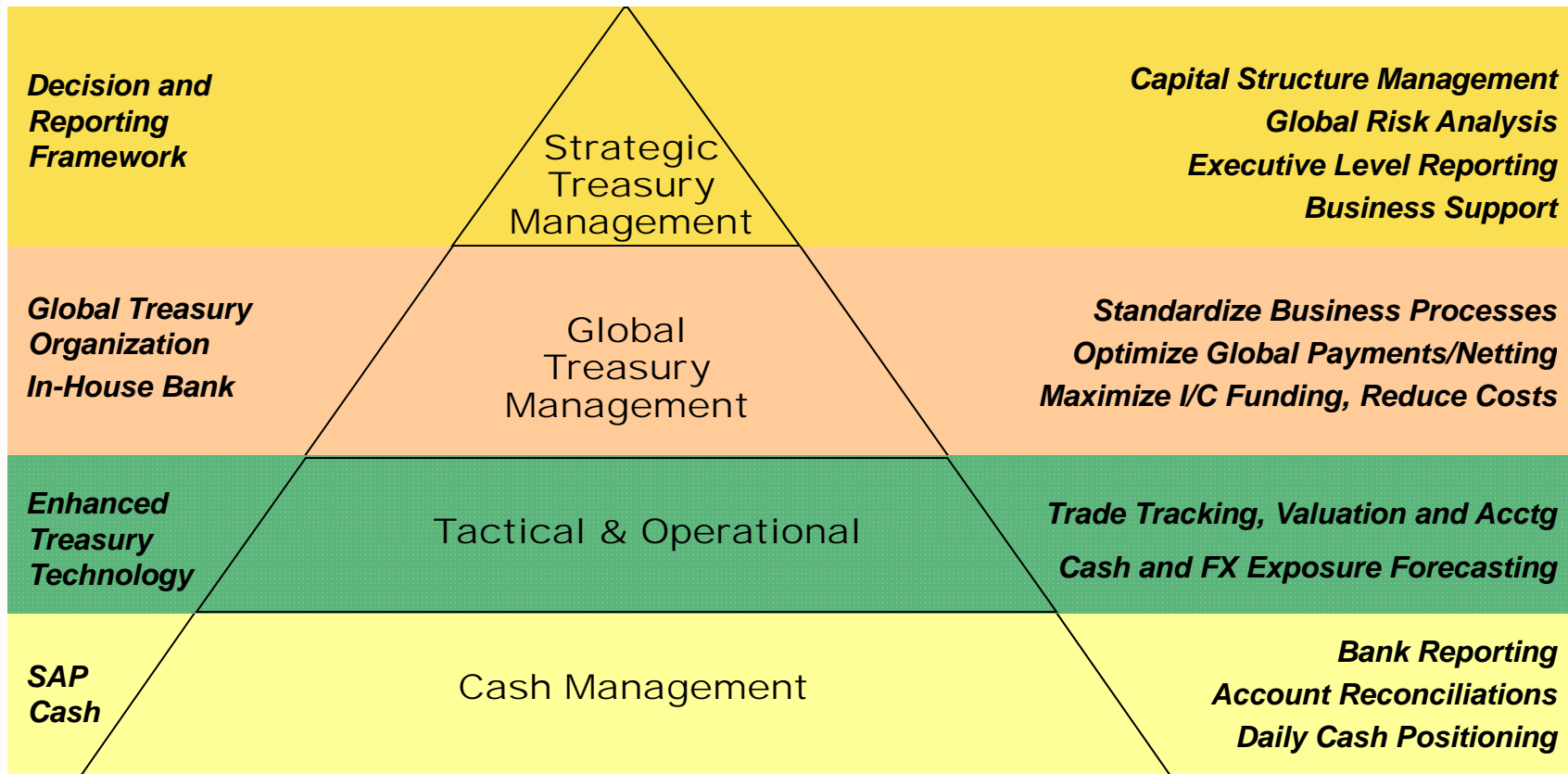
- *Centralized strategy, increased centralization of execution*
 - *RTC's with formal reporting link to Corporate Treasury.*



The Treasury Value Proposition

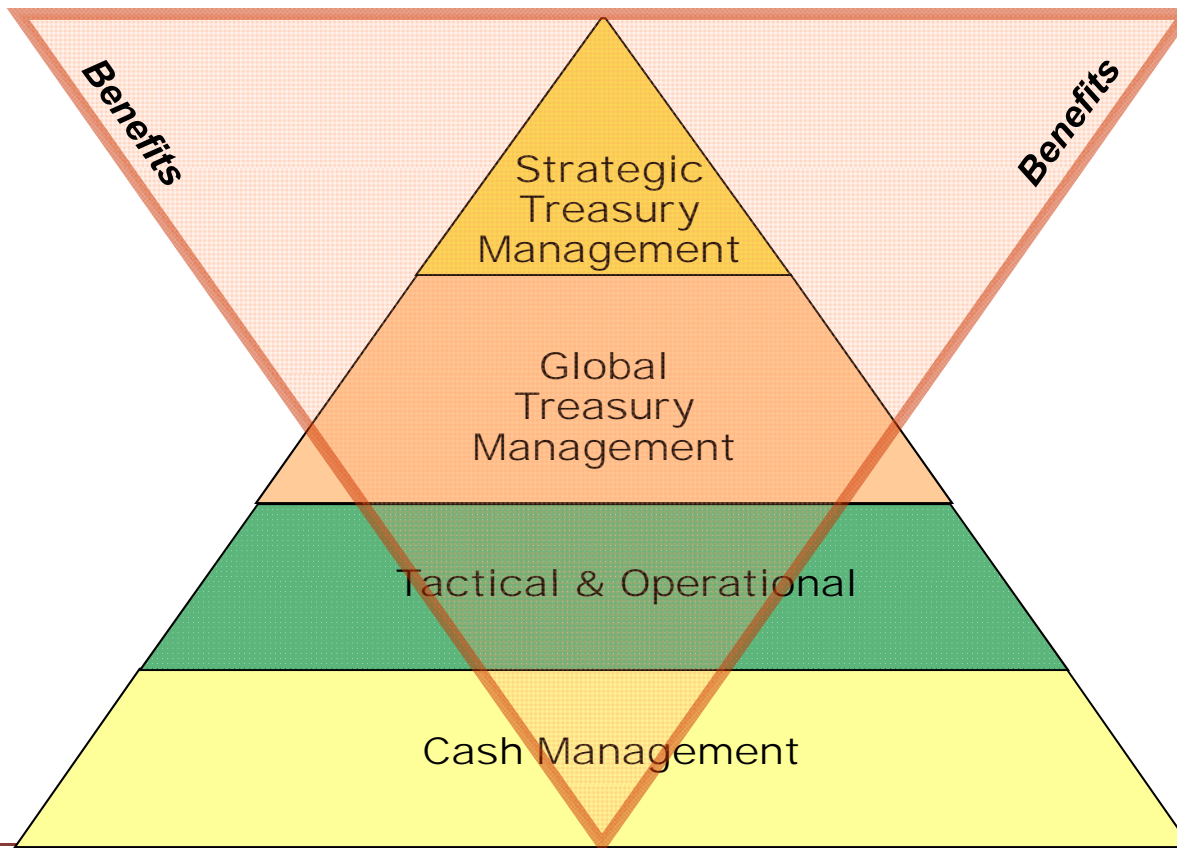
Support Structure:

Functions:



The Treasury Value Proposition

Investing in a more strategic and globally oriented treasury optimizes benefits



SCJ's Treasury Architecture Project (TAP)

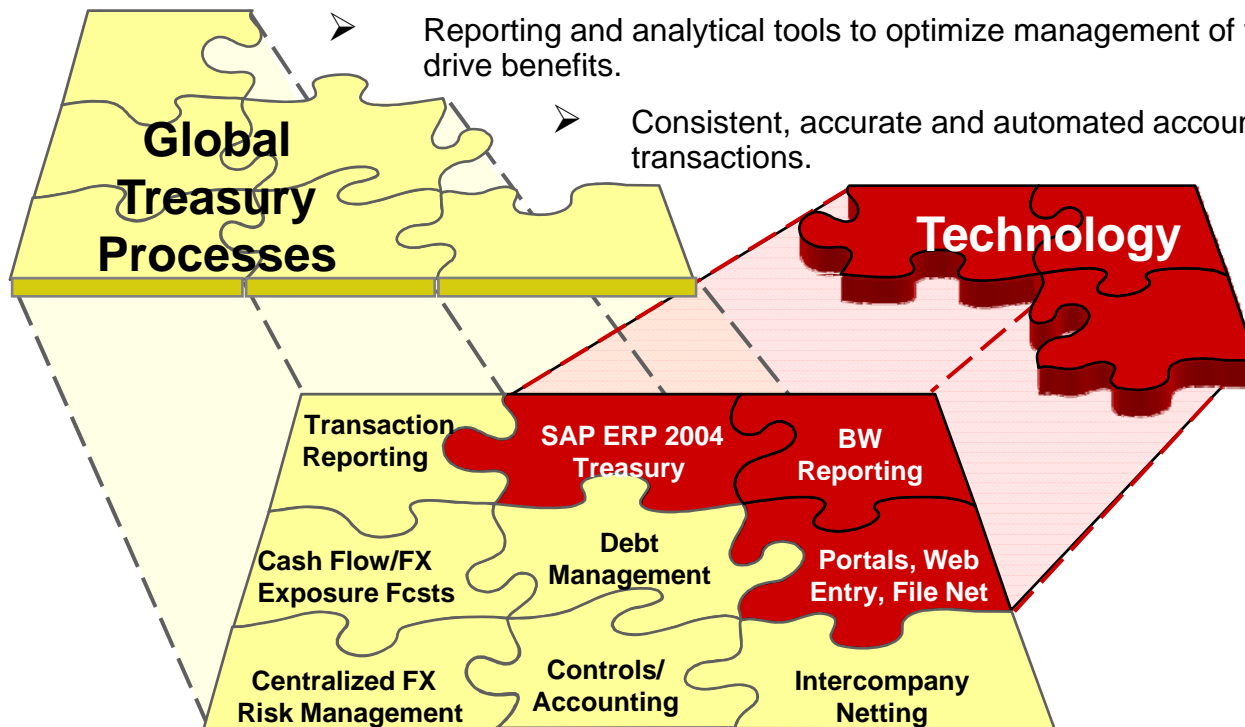
What Is TAP?

TAP represents the implementation of standardized processes and new technology resulting in a common Treasury management solution able to efficiently provide:

- Fast and accurate information on global debt, investment, interest rate risk and foreign exchange risk positions.

- Reporting and analytical tools to optimize management of financial risks and drive benefits.

- Consistent, accurate and automated accounting of financial transactions.



TAP Core Elements

Value Driver

KPI's & Analytics

Enablers

Global Transaction System

In House Cash

Cash flow Forecasting

Foundation

Cash Management

TAP Core Elements

Cash Management:

Features/Benefits :

- Daily global electronic bank statement processing.
- Automated daily reconciliation against business transactions.
- Standardized global view of cash position
- Significantly improves visibility to global cash and controls associated with cash processing
- Foundation for cash flow forecast process
- Single file interface via global data aggregator (Citi Infopool)
- Reconciliations current on day-to-day basis
- Customizable to create multiple views (by bank, by account, by currency, by entity, etc)

TAP Core Elements

Global Transaction System:

Features/Benefits :

- Provides comprehensive global view of all debt, investment and currency risk positions.
- Significantly improves controls regarding execution and accounting for all financial transactions.
- Automates and streamlines related financial processes (e.g. eliminates spreadsheets to track loan, investment and FX positions).
- Insures complete and consistent G/L entries and enables efficient use of FAS133 hedge accounting.
- Provides foundation to analyze and evaluate financial risks on consolidated worldwide basis.
- Centralized global FX risk management
- Access to both SAP based and non-SAP based subsidiaries

TAP Core Elements

In-House Cash:

Features/Benefits :

- Centralized virtual bank where participating subsidiaries maintain an account
- Facilitates intercompany lending resulting in reduced interest expense
- Reduction of external bank accounts
- Eliminates lost float on intercompany payments.
- One global IHC Center - SCJ Netherlands
- Efficient third party Cross Border/Cross Currency and Inter-Company Payments
- Scheduled AP Netting Run from core ERP system
- External payments via low cost payment services in many Countries
- Straight Through Processing from SAP Treasury to Citibank
- Global Cash Pooling of USD, EUR, GBP resulting in improved cash management
- Standardized global process and methodology where possible
- Comprehensive, quality reporting
- Significant reduction in intercompany account reconciliation effort

TAP Core Elements

Global Cash Flow Forecasting:

Features/Benefits :

- Standardized global tool for the preparation and communication of subsidiary cash flow and foreign currency exposure forecasts.
- Enhances financial returns by optimizing yields and keeping cash fully invested.
- Reduces borrowing requirements and the costs of maintaining excess liquidity.
- Facilitates inter-company lending.
- Enables identification (early warning) and effective hedging of financial risk.
- Based on SAP's Liquidity Planner, utilizing a combination of R/3, BW and SEM.
- Standardized global forecast template.
- Efficient, automated actual vs forecast performance reporting.
- Incorporates forecast flows associated with treasury transactions.

TAP Core Elements

KPI's & Analytics:

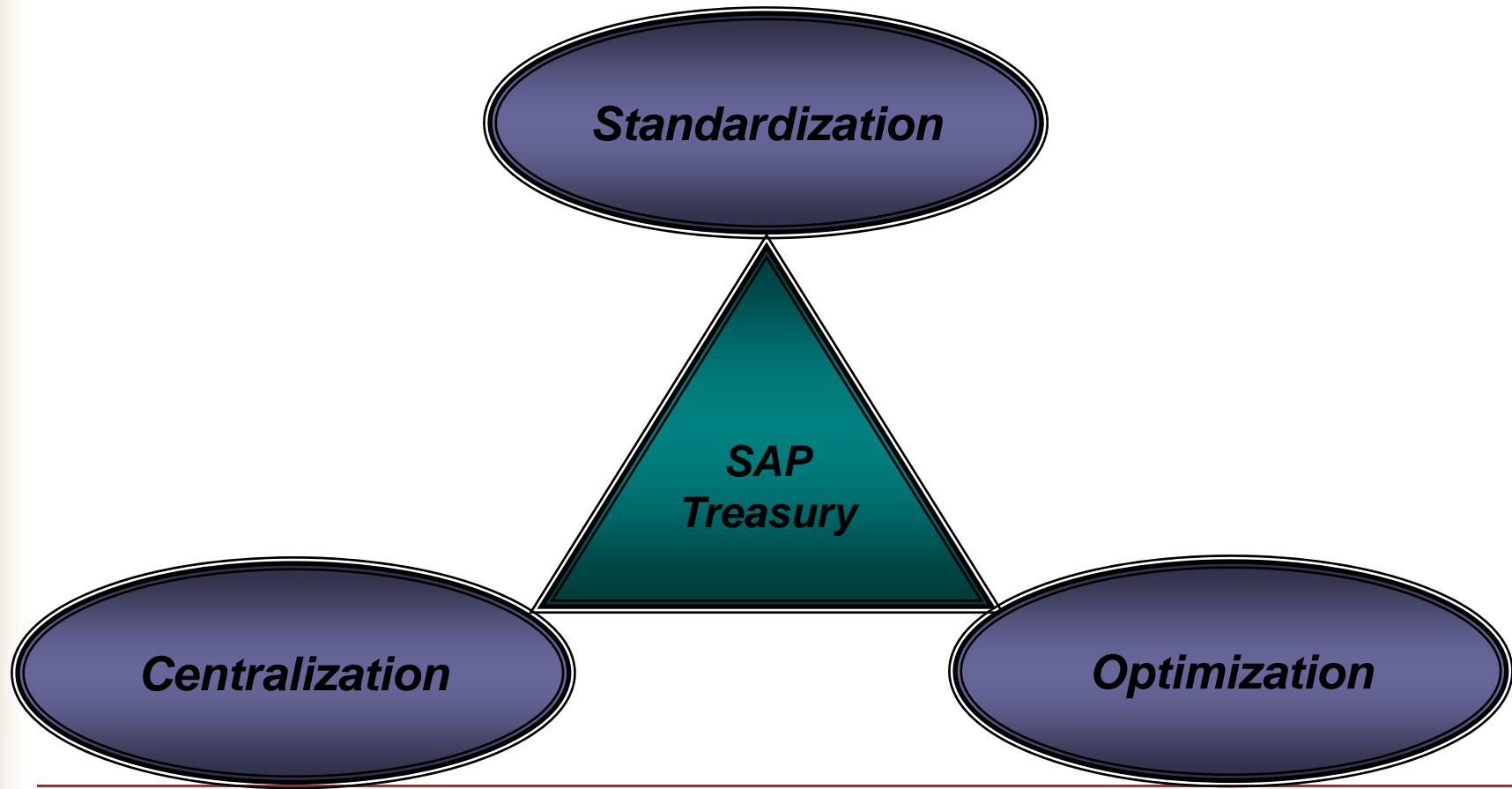
SC Johnson identified a need to provide actionable Treasury information and business intelligence to SCJ executives and corporate / regional Treasury personnel that is:

- Fact-based
- Readily available
- Relevant and timely
- Proactive, not reactive

A suite of Treasury KPI's and dashboards has been identified to:

- Reduce interest expense and improve returns on invested funds
- Enable fact based risk management strategies that reduce financial risk
- Manage risk on a global, portfolio basis
- Optimize subsidiary capital structure decisions
- Minimize the cost of capital
- Communicate treasury's value to the corporation

Key Benefits



Key Benefits

Standardization

Features

- *Consistent Global G/L Entries*
- *Bank Statement Processing*
- *Transaction Processing*
- *Cash Flow Forecasting*
- *FX Exposure Forecasting*
- *Reporting*
- *Training*
- *IT Support*

Key Benefits

Centralization

Features

- *Improved Business Support*
- *Front vs Back Office Structure*
- *In House Bank – Payments*
- *In House Bank – Cash Conc.*
- *Global Month-End Processing*
- *Improved Functional Back-up*
- *Improved Security/Controls*

Key Benefits

Optimization

Features

- *Better, Fact Based Decisions*
- *Effective Cash Utilization*
 - ✓ *External Investments*
 - ✓ *I/C Lending*
- *Improved FX Risk Mgmt*
- *Banking Consolidation*
- *Headcount Reduction*
- *Straight Thru Processing*

Key Learnings

- Taking the time to critically evaluate current business practices and develop a strategic vision that is complimentary to and supportive of core business objectives is a prerequisite to building an effective global treasury organization and information system.
- Executing a global treasury vision requires a mix of the right team, the right plan and the right technology... all backed up by strong management support!!
- If you stay committed to your end-state vision, an ERP treasury solution has the building blocks required to implement it.

Risk Areas to Keep in Mind

- Executive sponsorship
- Project management
- Project team resources
- Project schedules
- Scope creep
- Requirements gathering
- Test case design and execution
- Change management
- Project documentation
- Master data alignment
- Bank involvement

DON'T
"EVER"
GIVE UP



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Questions??