

Storyline

The client is one of the market leaders in the Gulf, specializing in providing state of the art building materials to the construction industry. The business is witnessing growth of more than 40% every year.

NCRCL[®] helped the client to implement a Financial Analysis System (FAS). The FAS has made financial reviews more structured and simplified particularly for non-finance executives.

Once upon a time

The business was characterized by a large number of fast moving products. Given the nature of the construction industry, the company required quick and relevant information to respond to rapid market changes. The existing system of financial analysis did not meet the information needs for financial management. NCRCL[®] was required to identify gaps in the existing system and prepare a Financial Analysis Manual. The scope also included training the client staff in running the Financial Analysis System (FAS).

Moving on

The NCRCL[®] team had to interact with all the functional heads of Marketing, Sales, Purchase, Warehouse, Logistics and Finance. Support functions like HR, IT and Administration were also covered so as to get a 360-degree view of the business and the factors which gave the client its competitive advantage.

Extensive research was done to identify best practices in financial analysis within the industry and in general. With the above insights, the team went about preparing a financial analysis manual customised for the client's business.

The team came up with a Financial Analysis System, suitably combining the domain knowledge of its consultants, the outputs of its research and the insights gained into the client's business by the study team. The FAS covered all the basic methods of financial analysis like Common Sized Statements, Trend Percentages, Ratio Analysis, Funds Flow Analysis, Cash Flow Analysis, Break Even Analysis and Working Capital Analysis.

The FAS manual was brainstormed with the client and finalised. This was followed by a series of training sessions to the client staff in running the FAS.

Finally

The FAS system has enabled the functional heads, particularly the non-finance executives, comprehend the FAS outputs and interpret the same. The customised solution helped the client to focus on its weak area of working capital management. The FAS created the basic framework for future implementation of a comprehensive review mechanism with Key Performance Indicators for each function. The lessons learned in the implementation of FAS with regard to the accounting system helped the client incorporate the necessary changes in the ERP which was under implementation.

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