Planning Process Improvements - NewMarket Success Story
SAP BPC 10.1

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Finance Manager, NewMarket Corporation

- Introduction
- Planning Automation Journey
- BPC 10.1 Project
- Project Management
- Customer Feedback
- Takeaways
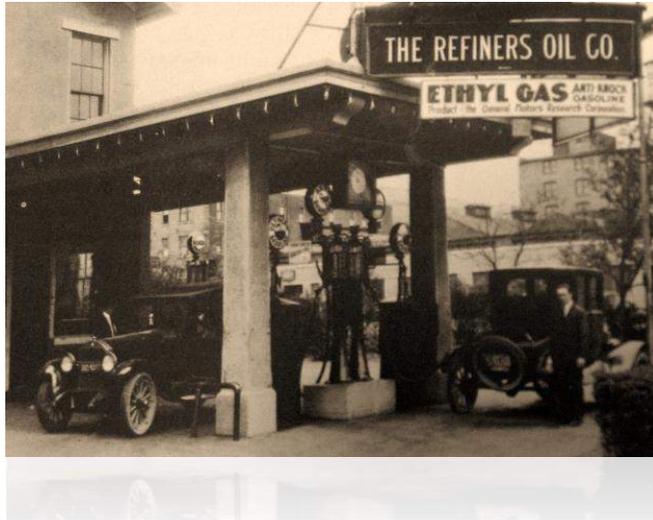
- Joined NewMarket Corporation 2012
  - Finance Business Partner Role supporting Global Supply Chain
  - Flip the 80 / 20 paradigm
  - BW reports, master data, consistency
  - Alignment of planning and automate data consolidation

- Implemented planning tools and process automation in prior roles; pharmaceutical manufacturing, banking, telecom

- Current role is to support the global Financial Planning Process and Tools, and set Data Management and Reporting Strategy

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1924

Formed in 1924 as the Ethyl
Gasoline Corporation

Present

NewMarket Corporation
formed in July 2004

Ethyl / Afton Chemical has been in the
Petroleum Additive and Lubricants
industries for more than 90 years.

NewMarket Corporation
$2.2 B Petroleum Additives Revenue
2,223 Employees

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Off-Road Driveline

UTTO / Hydraulic

Railroad Engine Oil
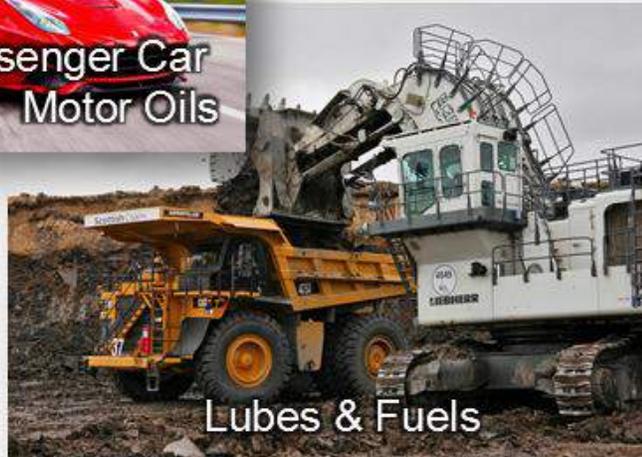
GPAs / Passenger Car Motor Oils

Heavy Duty Diesel / DPA

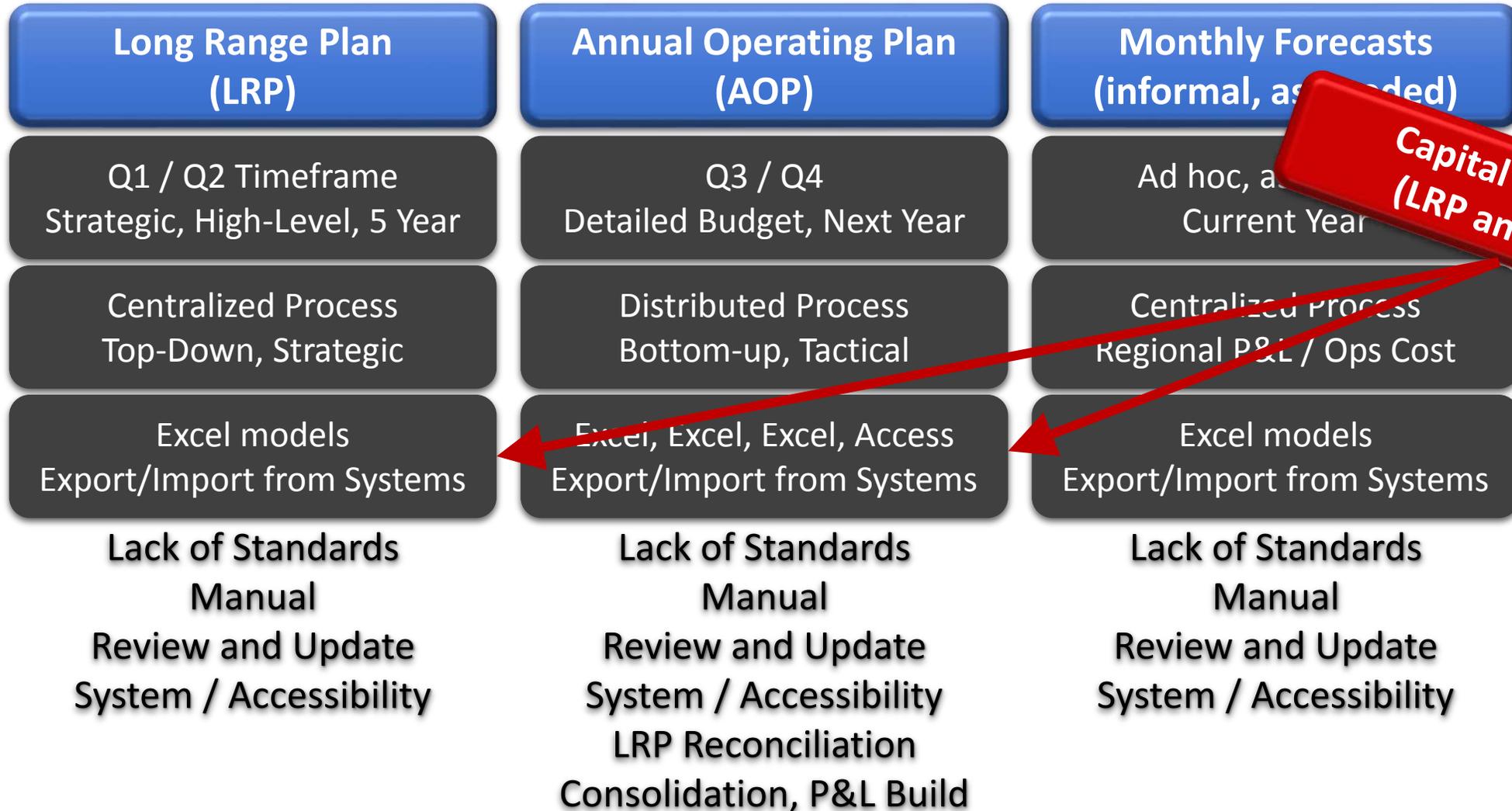Lubes & Fuels

- We are Business-to-Business

- Matrix Organization

Customer-facing Business Units / Product Groups

vs

Operational / Support Functions

- Overlay of Geographic / Regional roles and entities

Afton CHEMICAL

Passion for Solutions™

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- AOP-Focused Efforts – "Cost Center Planner"
  - In-house application, addressing a major pain point, high impact, low complexity
  - Establish common system with standard views to collect and consolidate global inputs
  - Establish basic reporting standards and formats
  - Leverage process to establish and solidify standard hierarchies, cost center ownership, and introduced 'Direct Expense' definition and accountability

- Ongoing System and Process Improvements
  - Solicited feedback: surveys, 'focus group' meetings
  - Established Cost Element drivers / calculations within application
  - Enhanced application reporting
  - Created some minor integration with SAP data and master data
  - Published detailed plan guidelines and assumptions

- Research, Building Support for ERP Solution
  - Home grown system was temporary and offered only partial coverage
  - Size and complexity of business demanded more

- Organizational Readiness
  - Home grown system development was learning and acceptance testing
  - Master data standardization and clean-up, data governance
  - Standardized hierarchies and reports
  - Introduction of new technologies – BW

- Separation from spreadsheets, value of standardization and ERP integration
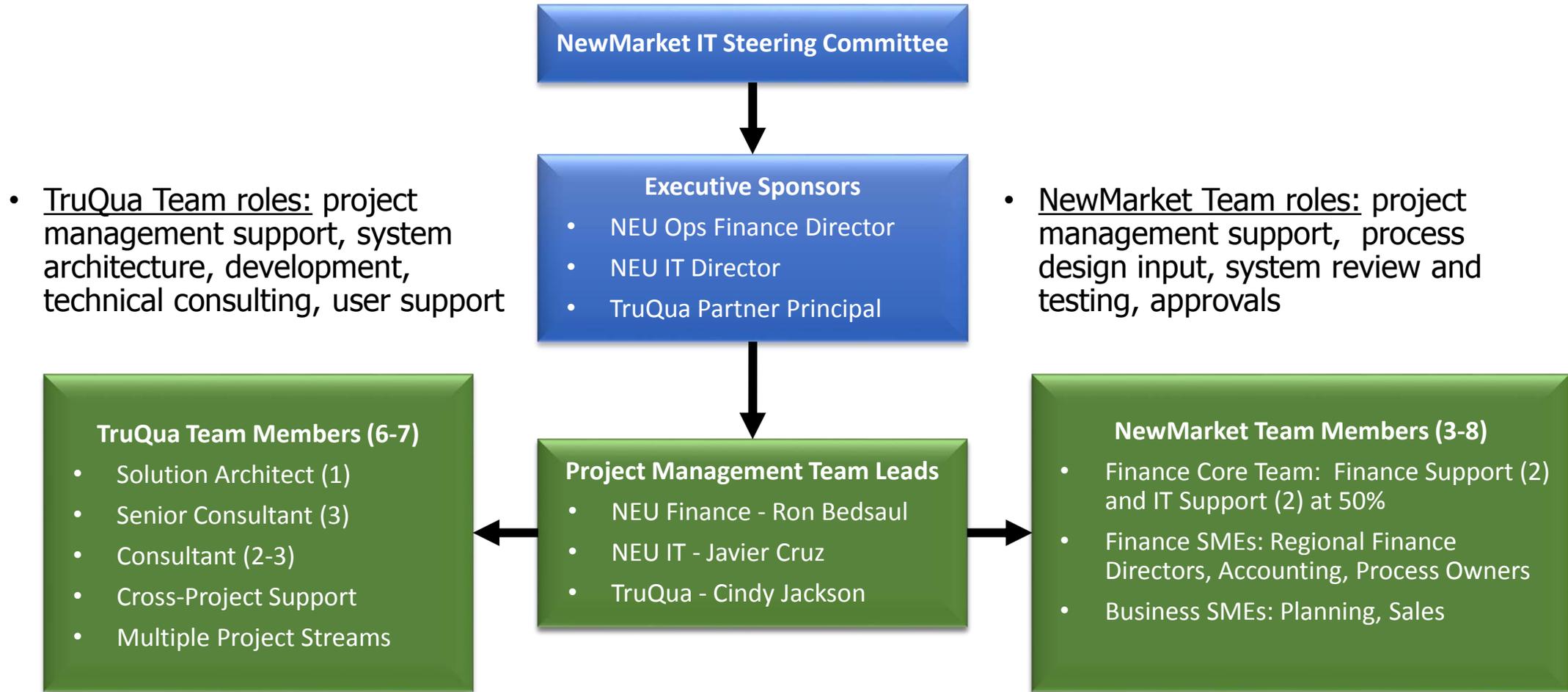
- **IT / Finance Team Evaluation**
  - Attended conferences on the topic
  - Developed requirements and a list of candidate planning suites
  - Evaluated SAP and other products, sought input of customers, and solicited feedback on pricing and implementation

- **Developed Business Case**
  - Efficiency gains, turnaround, visibility
  - Risk mitigation, improved accuracy, transparency
  - SAP ERP integration and modernization (synergistic benefits)

- **IT Steering Committee Reviewed and Approved Project**
  - BPC 10.1 Embedded, expanded rollout of BW
  - TruQua Enterprises as development partner

- **Blue Printing** – Feasibility, Scope, High-Level Design
  - 3-week Project created to discuss desired End State for NewMarket involved Finance process owners / SMEs
  - Documented high-level view of "as is" and "to be" planning processes
  - Agreed on key assumptions and risks
  - Decided which Planning Processes to transition
  - Developed a project implementation plan

- Outcome: 3-Phased Project (Sprints)
  - Secured project funding
  - Timing and personnel to be assigned

NewMarket IT Steering Committee

Executive Sponsors
- NEU Ops Finance Director
- NEU IT Director
- TruQua Partner Principal

- **TruQua Team roles:** project management support, system architecture, development, technical consulting, user support

- **NewMarket Team roles:** project management support, process design input, system review and testing, approvals

TruQua Team Members (6-7)
- Solution Architect (1)
- Senior Consultant (3)
- Consultant (2-3)
- Cross-Project Support
- Multiple Project Streams

Project Management Team Leads
- NEU Finance - Ron Bedsaul
- NEU IT - Javier Cruz
- TruQua - Cindy Jackson

NewMarket Team Members (3-8)
- Finance Core Team: Finance Support (2) and IT Support (2) at 50%
- Finance SMEs: Regional Finance Directors, Accounting, Process Owners
- Business SMEs: Planning, Sales

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PSA: Brand Your Project

• System acronyms won't sell it – *and you are selling it!*

• Have fun with it too

- Phased approach accommodated Planning cycle schedules and resource constraints
- Approval of next Phase contingent on success of previous Phase

Phase 1	Phase 2	Phase 3
Cost Center Planning (Headcount, Direct Expense)	Co-PA Plan Assessments	Automate Product Standard Costing / Breakback
Cost Element Driver Calculations	Non-Assessment P&L Planning Templates	Planning Capital Projects, Fixed Assets and Depreciation
Automate I/C Billing Calculations	Integrate Demand Planning / IBP	Price and RM Variances
Volume-Price Planning	LRP – Long Range Planning Tool	Automate Actuals Reassignment
Profitability Report - Planning	Profitability Report – Plan and Actual BW Report	Profitability Report – by Customer by Product
Master Data I (as Relevant)	Master Data II (as Relevant)	Master Data III (as Relevant)
	Monthly Forecast Tool	Detailed Production Variance Reporting
		Balance Sheet and Inventory Reporting

Project Plan: Actual Execution

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| NEU Decision to Blueprint | NEU Decision Phase I | NEU Decision Phase II | NEU Decision Support |

2015-Q4 | 2016-Q1 | 2016-Q2 | 2016-Q3 | 2016-Q4 | 2017-Q1 | 2017-Q2 | 2017-Q3 | 2017-Q4 | *Today*

Blue Printing

Phase I
• Vol / Price
• Cost Center Spend, HC, I/C Billing

Phase II
• Phase I Stabilization
• Demand Plan / Breakback
• PA Assessments
• Project Systems - Capital
• Profitability Reporting
• LRP Process
• Monthly Forecast

Go Live Support & NEU Knowledge Transfer

2017 LRP | 2017 AOP Process | 2018 LRP | 2018 AOP > LRP Process

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| SOW - Key Project Activities	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-1
Stage 1 Enhancements / Stage 1 Support						
AOP Assessments/Allocations to the P&L						
Master Data Updates/Governance						
BW Profitability Analysis Report (Customer / Product View)						
LRP - split from Monthly Forecast effort						
Monthly Forecast - split from LRP effort						
Project Systems - Capital Projects						
Breakback, Standard Costs, RM Price Variance						
IBP - evolved to Demand Plan Integration						
End-to-End Testing: AOP / LRP / IBP						
Security Model						
New BW Cost Center and Headcount Reports						
New Volume / Price Re-build for Demand Plan Integration						

...Closer look at Phase 2

- Many overlapping work streams
- Constant re-prioritization / competing priorities
- Constant learning / discovery, tweaking requirements, decision-making

Business Continues during Project

- Stay flexible
- Manage priorities
- Remain focused, keep your team focused
- Keep leadership informed - be transparent on risk

Legend:
- SOW Est.
- Actual
- Key Decision Points

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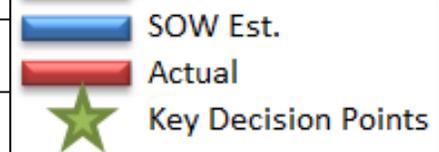
- Keeping the Team Together - WebEx, Conf Calls, Conf Room Work Environment
  - Core Project Team Members were in Richmond, Chicago and DFW
  - NEU SMEs and process owners were around the globe
  - NEU team members were committed up to 50% or less of their time

- Weekly Core Team Project Meetings (Tactical)
  - Review progress, open issues / actions to resolve, what's on deck
  - Include SMEs / Process Owners, as appropriate
  - Process Meeting or specific topical meetings were separate

- Weekly Project Lead Meetings (Strategic)
  - High-level project update – resources, budget, schedule, deliverables, and risks
  - Communication activities
  - Decisions

- … or *Risk*
  - Risk Log - identified, reviewed, and managed Risks
  - Where needed, established contingency plans or renegotiated requirements
  - Determined needs for escalation early; communicate and act quickly
  - Propose solutions – ask for a time-based decision

- Lots of activity… Getting Lost in the Weeds was a Risk
  - Frequently referenced Blue Print documents and SOWs
  - Reconciled our direction and tasks to the Project Deliverables
  - Ensure that communication, messaging, and *words* were consistent

- Common Sources of Risk
  - "You don't know what you don't know"
  - Project was also a learning process
  - Peeling back the layers

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- Communication and Change Management Plan
  - Identify key constituents, major influencers and change agents
  - Develop and deliver targeted messaging and presentations
  - Get out there and promote – get on agendas for team meetings, put articles in internal bulletins, create contests

- Develop and Implement Security
  - Partner with IT Security, define methods and criteria to manage component access, type of access, and user roles
  - Identify all users based on criteria
  - Rollout software and implement security / grant access

- Documentation and Training Plan
  - Implemented ~70 components across Admin, Planner, Report users roles
  - Develop non-technical user documentation and training materials
  - Develop and execute Training Plan

- Go Live Support Model
  - Type of issues: who / how to report, how / who / when to escalate
  - Establish process for review, resolution, and tracking

…And most of us owned and executed the AOP / LRP during the project

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- Having everything in one place for AOP, LRP, and Monthly Forecasts
  - Visibility of P&L and all of its components
  - Improved ability to make changes - faster turnaround
  - Disciplined change management process; improved overall plan integrity

- Profitability Reporting and automated Assessments
  - Improved visibility and transparency of P&L
  - P&L and P&L components made available earlier in the process

- IBP / Demand Plan Integration and Breakback
  - Improved alignment of operational demand with sales planning
  - Significantly streamlined breakback, improved accountability, emphasized correctness of master data

- Project Systems Planning
  - New planning and reporting tool; significantly streamlined process
  - Established standard process; automated complexity
  - Integration with AOP

- Conducted a Post AOP / LRP Survey and a Finance Team Meeting
  - Gather feedback from everyone directly engaged with the 2018 AOP / LRP
  - Survey content: Ratings with voluntary comments

- Survey Population of 176
  - BPC system users / Finance Business Partners
  - Business Teams: Cost Center Owners, Demand Planning, Sales and Marketing
  - Leadership Team

- Response Rate of 65%
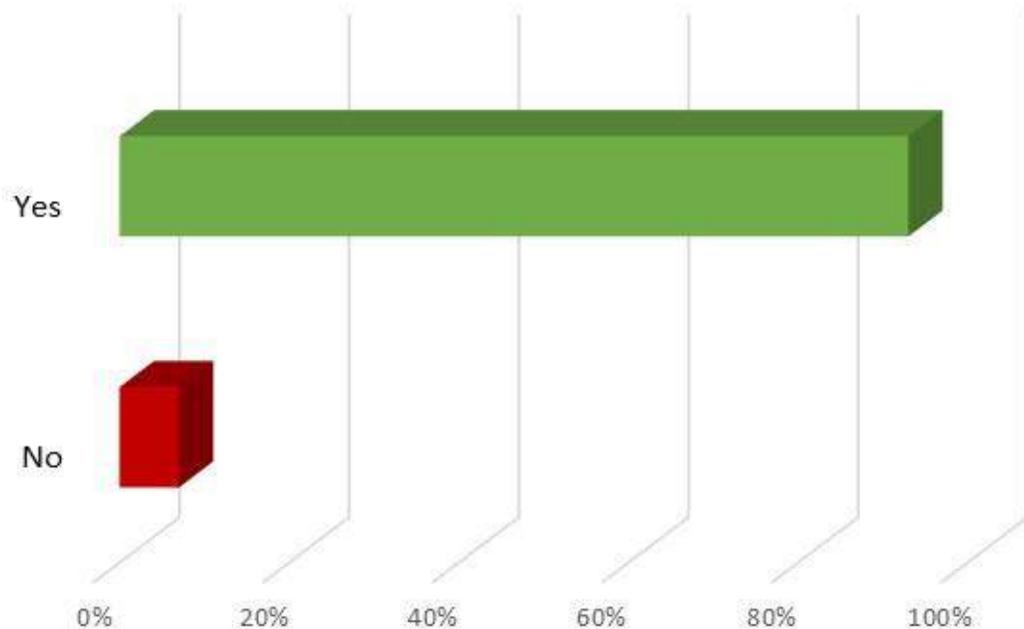 - Well rounded – represented all regions, departments, and roles

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I was aware of changes to the 2018 AOP / LRP Process?

- You can't over communicate...
  - 72% Agreed that communications were at a "sufficient level of detail"

  - 87% said they received communications from Finance

  - 86% said they received communications from their business leadership

  - 5% - 10% less favorable for same question focused on "system changes"

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- # System was Perceived "Same", or "Improved"

  - ## Trust and Confidence

  - ## User-Friendly

  - ## Did it Make Your Job Easier

Chart categories (top to bottom):
- Consistency, Transparency of Assumptions and Calculations
- Correctness of Results
- Functionality, Data Integration
- Ease of Use
- Intuitive
- Performance / Responsiveness
- Efficiency of Utilizing System
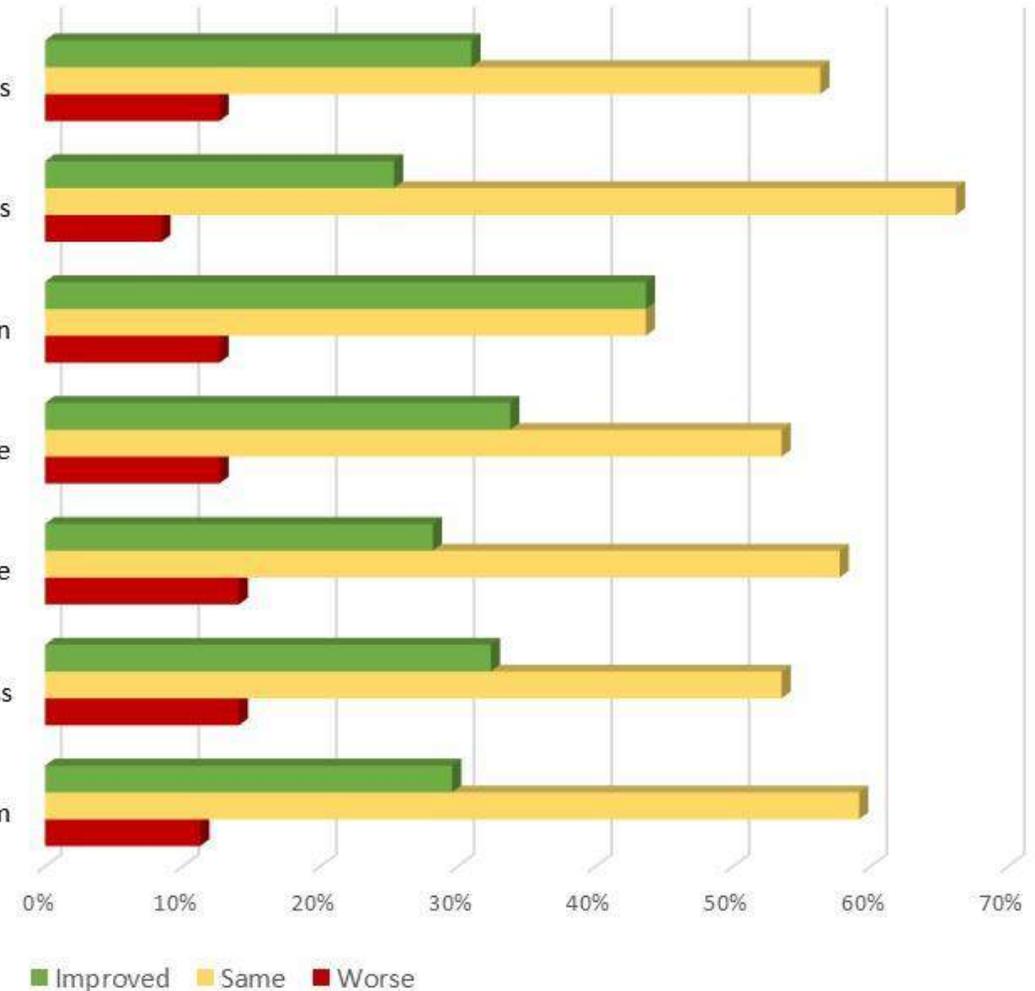
X-axis: 0% 10% 20% 30% 40% 50% 60% 70%

Legend: ■ Improved ■ Same ■ Worse

- Pre-populated and Calculated Values were Helpful

  - Trust and Confidence

  - Did it Make Your Job Easier

  - "squeaky wheel syndrome"

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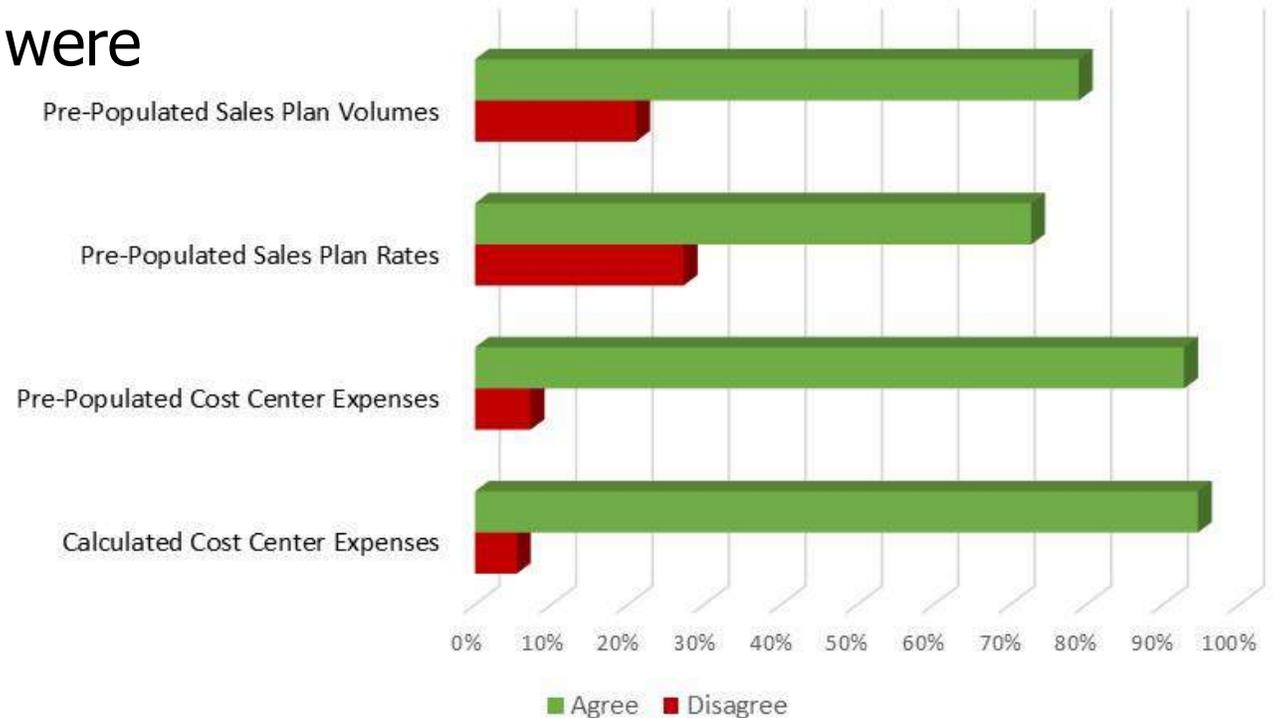
- Do the Resources support the Tasks

  - Trust and Confidence

  - Expectations of Accountability and Reporting

  - Cultural Test

  - "squeaky wheel syndrome"

  - Allowing time for Reviews
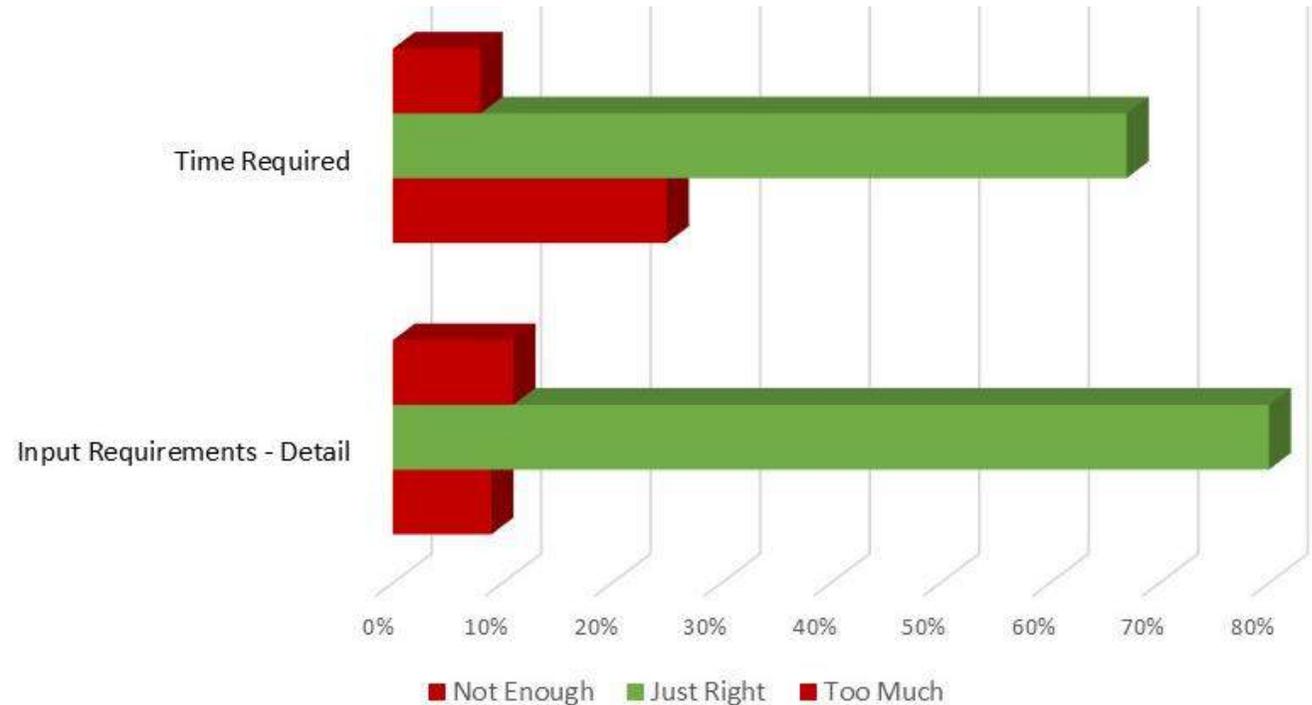
- I would like to see...

  - Did we go too far?

  - Is there appetite for more changes?

  - Where do we focus our future efforts?
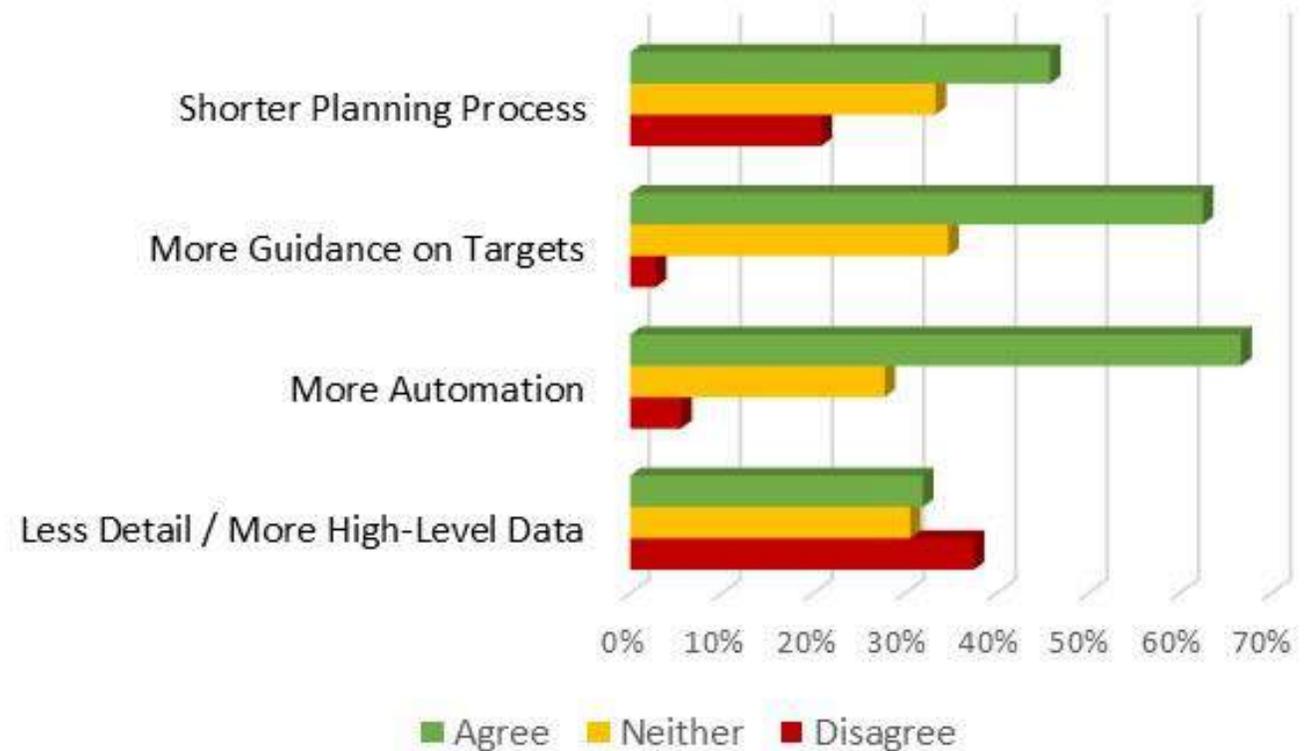
- "Life" is going to happen during the project journey; prepare the best you can and be flexible

- Keep up with changes occurring within your company and team so your project can reach it's full potential

- Projects can be grueling; select key team members carefully
  - Knowledgeable in multiple finance areas, 'can do' attitude, flexible, empowered
  - Togetherness
  - More is not better – get the right people

- Communicate and Sell
  - Upward, downward and across - you cannot over-communicate!

- Test, test, test
  - Unit testing, End-to-End Testing
  - Have a good test environment

- Monitor Licensing and Security

- Protect your Investment; Mitigate Future Process Risk
  - Plan for 'Go Live'
  - Hypercare, long-term IT Support

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