



A Success Formula for Effective Performance Management

Manual consolidation of Excel templates as part of the budgeting process? Not any more at DR. KADE Health Care. The Berlin-based pharmaceuticals manufacturer relies on the financial planning software from Corporate Planning and benefits from an automated P&L, balance sheet and cash flow forecast as the basis for driver-based management. Its financial controllers have gained the time and space to ask strategic questions and, by collaborating directly with the departments, are adding real value to the company.

“We improve quality of life”

As a medium-sized pharmaceuticals manufacturer, DR. KADE Health Care is committed to improving the quality of life for people all over the world. The independent family business develops, manufactures and markets high-quality medicines and medicinal products: 11m packs per year, with 408 tonnes of creams, ointments and gels as well as 54m suppositories and ovules, which are available on prescription or over the counter in 28 countries.

When financial controller Christopher Budde began working at DR. KADE at the end of 2019, joined shortly afterwards by Head of Controlling Oliver Matthes, the budgets were drawn up in the conventional manner by combining top-down and bottom-up plans in Excel worksheets. This had to be done manually, so in

Highlights

- Automated financial planning: from an Excel-based planning process to an automated, system-based solution.
- Data integrity: clear responsibilities and easy access for employees from all departments when entering data serve to increase accountability and create transparency in the context of driver-based management.
- Introduction of a central, monthly forecast for the P&L, balance sheet and cash flow.
- Flexibility regarding the data sources that can be connected enables seamless integration of the software into the existing IT landscape.

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every planning period the financial controllers would spend three months working at full capacity on planning tasks. Collecting and processing the data manually meant that the method was also highly prone to error. Finally, consolidating the data was a lengthy process, so there was always a considerable time lag before the management analyses and reports were ready.

This left the two financial controllers with hardly any time for their strategic and operational management tasks, such as preparing monthly forecasts, monitoring revenue enhancement measures or analysing and improving processes. For this reason, they soon decided to give their corporate performance management a complete overhaul with the help of the Corporate Planning software.

Support during implementation and the company-wide rollout

Throughout the implementation – when building the database and financial structures, for instance, and in the definition and assignment of access rights to reflect the structure of the organization – Christopher Budde was supported by an experienced Corporate Planning consultant. “The collaboration was very flexible, customer-focused, and characterized above all by professional dialogue between equal partners,” says a satisfied Christopher Budde looking back. At the same time, they took the opportunity to make the switch from on-premises provisioning to the cloud environment. “Our goal from the outset was to maximize availability and provide easy access for all employees at every location on any device. The CP-Cloud is the ideal solution for achieving this, and it also reduces the workload of our in-house IT department.”

Christopher Budde began by transferring the cost centre plan and the sales and turnover plan to the decentralized environment for data input. A further four databases were then gradually set up to model fixed asset management and various facts and figures relating directly to cost objects. These have come to form a complete set of FC data as the basis for displaying the P&L (in the total-cost and the cost-of-sales format), the balance sheet and the cash flow statement. Ever since, all the data have been made available in the departments by a total of 55 experts in divisions such as production, supply chain, marketing and sales, and approval and administration. Each department now enters its own figures in a browser-based, easy-to-use interface in Corporate Planner. The users are responsible for ensuring that the data are correct and submitted on time. Corporate Planner then automatically merges the calculated P&L, balance sheet



“With the increasing competitive pressure in the pharmaceutical industry, rising personnel and production costs and changes in the regulatory framework, we need to manage the company’s development in the business model very precisely. We find that the automated forecasting environment for the P&L, balance sheet and cash flow statement from Corporate Planning gives us all the possibilities of driver-based business model analysis and enables management interventions.”

Christopher Budde, Senior Controller
DR. KADE Pharmazeutische Fabrik GmbH

and cash flow statement figures. All Christopher Budde now needs to provide is the data for the P&L items below the EBIT and the balance sheet changes – a considerable gain for the company’s data quality and its regular reporting. “The way in which the underlying calculations for the financial statements are interlinked is made particularly transparent in Corporate Planner by what are known as business logic blocks. When you make adjustments in the P&L, for instance, these are transferred automatically to the budgeted balance sheet. All changes in the P&L and the balance sheet are in turn reflected in the cash flow statement. This has put us in a position to manage DR. KADE in terms of profit as well as cash,” is how Christopher Budde sums up the main advantages from the management perspective.

“Nobody here needs to transfer data or do calculations manually any longer. Mathematical errors are a thing of the past,” says Christopher Budde. “By using CP, combined with our BI solution in Qlik Sense, we can deliver information on demand – by mouse click – to in-house recipients as well as to banks, auditors and our shareholders. The increased precision and speed have significantly improved our transparency and credibility.”

Seamless integration enables real-time management

Corporate Planner Finance is seamlessly integrated in the company’s IT system, so it regularly receives up-to-date data from all the company divisions. This is another factor that

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adds directly to the quality of data and analyses. While the ERP software supplies actual figures from accounting, order processing, production planning and purchasing, HR provides the payroll data, such as the wages, salaries and social security costs. An hourly synchronization with Qlik Sense ensures that all the data are always up to date.

“As well as enabling such a high level of automation, CP can very easily be integrated with other upstream and downstream systems. This gives us completely new possibilities for company-wide and cross-departmental planning and management,” Christopher Budde says. The financial controllers draw up supplementary plans for, say, turnover, cost of materials and purchase volume with maximum granularity (stock-keeping units) in separate CP databases so that they can carry out a wide variety of driver analyses in Qlik Sense. In addition to that, they plan the marketing and scientific costs in Corporate Planner Sales, a multidimensional Corporate Planning software module, which they use for cost object-based cost planning and the definition of allocation keys.

New freedom for strategic management tasks

The huge time savings made possible by Corporate Planner Finance and the freedom these have brought can be seen particularly clearly in the switch away from an annual planning phase to the monthly rolling forecast which has replaced it. “Whereas the forecast used to take our entire team of financial controllers three months working at full capacity, these days, thanks to the automation, it can be easily managed by just one person – so we can turn our attention to other things that add real value to the company,” Christopher Budde explains.

“The monthly forecast enables us to make more precise statements on the profit and cash flow from one month to the next. At the same time, we’re learning a lot about the drivers of the business model and can follow up on management measures and identify their individual effects,” says Christopher Budde, who likes to use the extra time he now has available for analysing processes and having lively discussions with the departments and decision-makers at DR. KADE. “We get much more done now

in the same amount of time and can plan in greater detail with greater precision. Our time spent together with the departments adds real value to the company.”

Fit for the future

When changes occur at the company, the cloud-based corporate performance management solution can easily keep up. “The structures modelled in CP are fully scalable and, in my role as a power user, the administration of the software is completely straightforward,” says Christopher Budde. He can quickly and easily adjust the model himself to reflect changes in the product portfolio, organizational structure or account assignments.

DR. KADE is looking to expand its business in over-the-counter medicines even further in the future. This will require fast innovation cycles and the right operational and strategic decisions. The data to be used in investment appraisals and profitability calculations will in part be provided by Corporate Planner. Overall, Christopher Budde is completely satisfied with the Corporate Planning software. “Today we have exactly the flexibility we need. With the increasing competitive pressure in the pharmaceutical industry, rising personnel and production costs and changes in the regulatory framework, we need to manage the company’s development in the business model very precisely. We find that the automated forecasting environment for the P&L, balance sheet and cash flow statement, with Corporate Planner and Qlik Sense in combination, gives us all the possibilities of driver-based business model analysis and enables management interventions.”

About DR. KADE Health Care



Industry: pharmaceuticals, production
Solution for: financial planning, sales
Locations: Berlin, Germany
Employees: 320
Customer since: 2013