

Satisfying the Need for Better Planning

Davis Beverage Group, based in Bethlehem, PA, is a soft drink bottler, co-packer and distributor that was founded in 1943. The company services thousands of distribution points, has a strong supermarket chain presence and distributes national brands such as 7 Up®, Sunkist®, Canada Dry Ginger Ale®, Snapple®, Nantucket Nectars®, Welch's® and others.



FAST FACTS

INDUSTRY: **Wholesale/Beverages**

LOCATION: **Bethlehem, PA**

REVENUE: **Private**

EMPLOYEES: **200**

ERP SYSTEM: **MS Dynamics GP**

Mid-sized businesses often have the same level of operational complexity as an enterprise business, just with smaller numbers. Davis Beverage Group fits this profile; as a regional soft drink distributor, Davis Beverage has two separate companies: a distribution company and a production company.

Business Challenge: Managing Growth through Strategic Planning

Davis Beverage was using spreadsheets for its budgeting and planning activities. According to Ken Davis, CFO, Davis Beverage Group, there were two primary issues with using spreadsheets for budgeting and planning: the audit process and managing cash flow.

"Our spreadsheet was more than 160 pages," said Davis. "Auditing the budget and plan was a huge challenge. The audit process would take a couple of months.

"Additionally, it was extremely difficult to manage our cash flow with spreadsheets. We want to track financials down to the account level. Managing debit, credit, expense and revenue for different products was complex, took a long time, and in the end, didn't give us as much visibility as we wanted," continued Davis.

Sophisticated Cash Flow Management

"Ultimately, managing cash flow in spreadsheets simplified the process too much," said Davis.

Between its separate companies, 200-person employee base and constantly changing external factors, cash flow management needed to be multi-faceted, but also easy.

With Planning Maestro, Davis Beverage can now assess their fixed costs and make changes to more dynamic aspects of their budget.

"Planning Maestro is very customizable. The drivers are dynamic, and this is key for us. I can change drivers and see their impact on not only revenue, but expenses as well."

Ken Davis, CFO

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These include the rising costs of employee healthcare and the fluctuating and rising costs of raw sugar and fuel.

“It sounds simple, but Planning Maestro does what it’s supposed to do – it enables us to have a more accurate budget and financial plan,” commented Davis. “And, with Planning Maestro we can complete, update and manage our budget and plan more quickly than we could with spreadsheets.”

Planning for Expansion

Every company has different business drivers. In the case of Davis Beverage, they have more than 100 business drivers they need to analyze, report on and adapt to.

“Planning Maestro is very customizable,” said Davis. “The drivers are dynamic, and this is key for us. I can change drivers and see the impact. I can also model our sales commissions, enabling us to see not just the impact sales has on revenue, but also the impact sales has on our expenses as well.”

Perhaps most important, Planning Maestro has become a key component for Davis Beverage Group’s business planning. Recently, Davis Beverage developed a pro-forma for a plant expansion. Ken Davis and his finance team were able to run several different scenarios through Planning Maestro in order to determine the best path for expanding their operations.

“We were able to crank out a complete pro-forma for a new plant in two days,” remarked Davis. “Before Planning Maestro, creating a pro-forma would have been a Herculean effort taking a few weeks.”

Planning Maestro is also a key component of “regular” financial planning, not just for “big” events such as adding a new plant. With Planning Maestro, Davis can run different assumptions and scenarios based on volume and employees.

“Moving forward, we expect we’ll be able to complete pro-formas within a day,” said Davis.

One key aspect of future planning is to understand the company’s previous financial planning, budget and actuals. Davis Beverage Group uses Microsoft Great Plains for its General Ledger system, but that software limits Davis to analyzing financial data one year at a time – not an ideal scenario for planning. Now, with Planning Maestro, Davis can analyze financial data from multiple years. According to Davis, this is “very helpful” for his planning activities.

The Biggest ROI...

Measuring ROI is different for each company. For Davis, the ROI of Planning Maestro is multi-faceted. “Compared to similar products, Planning Maestro is not all that expensive,” said Davis. “But the biggest ROI we’ve seen is in saving my time. Planning Maestro has cut in half the amount of my time needed for budgeting and planning activities.”

Time and cost savings are not the only ROI Davis has realized. “With Planning Maestro we now have much better data. We can get to a level of precision and accuracy unheard of with other tools.”

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