

Enabling SOX Remediation via As-Is Process Improvement

The Challenge:

The Dannon Company, Inc. (Dannon®) sells and produces six million cups of yogurt a day, positioning it as the top-selling brand of yogurt worldwide. The Danone Group (Danone), parent company of Dannon, is the worldwide leader in water and fresh dairy products.

Dannon's process for procuring and issuing spare parts within plant maintenance areas was not Sarbanes-Oxley (SOX) compliant, leaving Dannon exposed to audit risk. Dannon's ultimate solution was to implement the SAP Maintenance module across four North American plants, however they first needed to overcome the existing business process differences at each plant in order to achieve necessary, short-term compliance.

Dannon was armed with a SOX remediation plan that identified compliance gaps, but did not have a roadmap for implementing the changes. Dannon's immediate need was to identify and implement process improvements to achieve a SOX-compliant process. To complicate matters, all four plants approached the entire maintenance process very differently with wildly different approaches to purchasing, inventory control and invoice approval, all of which were known SOX problems.

Objectives:

- Identify and prioritize risks caused by non-standard processes across manufacturing plants;
- Expand an initial list of SOX issues involving maintenance to include the entire maintenance and storeroom processes;
- Recognize opportunities for process improvement in the maintenance and storeroom areas; and
- Build a roadmap for improving these processes while also satisfying SOX requirements.

The Approach:

Edgewater Technology proposed to help Dannon achieve both their short- and long-term objectives by conducting intensive process analysis sessions on-site at the four North American plants. The following tasks were performed:

- Defined a baseline by visiting each plant to document the as-is spare parts process;
- Compiled a matrix of process similarities and differences across plants; and
- Captured plant-specific requirements for removing compliance barriers and concrete solutions for enabling SOX remediation.

Within a short, intensive timeframe, Edgewater gathered critical information and defined SOX remediation barriers and solutions that helped Dannon focus on concrete, implementable solutions for all four plants. Dannon is now in a position to make immediate process improvements to support end-of-year SOX compliance requirements.

The Results:

Using Edgewater's considerable experience in business process analysis, Dannon gained visibility into a key maintenance process across four North American plants that needed to be SOX-compliant by the end of the calendar year.

Edgewater delivered valuable insight into Dannon's existing business processes under strict time constraints. With this analysis in hand, Dannon began their SOX remediation, confident that they have a comprehensive understanding of their processes and compliance will be complete.

The as-is process documentation also provided visibility into the process differences across the locations that Dannon would need to standardize before implementing the SAP Maintenance Module to support ongoing SOX compliance.

Success Factors:

- Extensive access to subject matter experts at each location;
- Well-honed process for identifying process improvement opportunities; and
- Experience with related processes at other Consumer Packaged Goods organizations.