

Implementing Process Improvement to Achieve SOX Compliance

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 used a Microsoft Excel form, Excel PAR, to collect and record employee data throughout the employment lifecycle for all employees located at production plants and corporate headquarters. The form was completed in Excel and then printed for data entry into two different business systems resulting in the same data being manually entered three times, which made the process prone to error.

The Excel forms were the data source of the two business systems Dannon increasingly relied upon to make business decisions. However, the Excel PAR form was failing the two business systems because it simply lacked the sophisticated logic of the business systems and hardcopy output was often misplaced or lost, causing data-entry delays.

As a result, the customers of the process, employees, experienced delays in getting paid accurately. Human Resources (HR) employees filling out the form and doing data entry did double and triple work to fill the gaps in the manual process. Furthermore, the data in the two business systems was perceived as unreliable and required multiple internal audits.

Dannon determined the form needed to change from a printed form to a trackable record in an online workflow system. Further, an internal audit revealed the form process tasks and responsibilities were not Sarbanes-Oxley (SOX) compliant.

Objectives:

- Optimize the manual process for migration to an automated workflow solution;
- Satisfy a very short timeframe (six weeks) to complete analysis;
- Redesign the process to achieve SOX-compliance by the end of the calendar year; and
- Collect data from all manufacturing locations across the United States and Canada.

The Approach:

Edgewater Technology worked with Dannon's HR departments at corporate headquarters and four North American plants to capture the as-is process for routing paper Excel PAR forms through the data entry process. Edgewater:

- Facilitated interviews with subject matter experts;
- Discovered similarities and differences across the four locations;
- Identified process strengths to build upon, and weaknesses and inefficiencies to resolve; and
- Determined possible process improvements and gaps.

Edgewater used the as-is process as a baseline for building an optimized to-be, SOX-compliant process. Edgewater facilitated to-be process sessions with Dannon representatives to:

- Create a SOX compliant to-be process;
- Resolve problems identified during the as-is discovery phase;
- Classify and assign accountability for data accuracy to specific roles;
- Define a set of Key Performance Indicators (KPIs) for Dannon to measure the to-be process effectiveness and to highlight bottlenecks. The KPIs provided the visibility that Dannon needed to hold process participants accountable for their responsibilities within the process; and
- Identify change management barriers to implement the standardized process.

The Results:

The as-is and to-be process gave Dannon the visibility into the challenges that lie ahead in designing an automated workflow solution. Dannon leveraged the to-be process documentation in a Request for Proposal process to determine the effort required to automate the solution using a workflow technology already in use at Dannon.

The to-be process provided Dannon with a starting point for designing a workflow solution that they could scale to fit their Information Technology development budget. The to-be sessions were also an opportunity for HR to help design an optimized PAR form process, which will then be supported by the appropriate technology.

Success Factors:

- Experienced, proven approach to process improvement;
- Involvement of subject-matter experts; and
- Experience specifying and selecting technology solutions.