



Sony Ericsson

Helping Line Managers Understand The Financial Implications Of Their Decisions

The mobile phone industry is growing fast, but Sony Ericsson is growing even faster. It is planning to have close to a 15% market share and be a top three player by 2009. Key to achieving this, as Sony Ericsson's President Miles Flint identified, would be a better P&L (profit and loss) understanding throughout the company, not just in the finance department.

Sony Ericsson called in Management Centre Europe to help.

MCE - The Right Partner

Sony Ericsson Global Competence and Development Team was formed two years ago to form a consolidated approach to development needs. Before its formation, there were seven regions and units that each worked with their own suppliers.

For this project, there was a clear need for a companywide solution and a global partner that could deliver in local languages.

Sony Ericsson based the selection of its partner on three criteria:

- Consistent delivery in 4 major regions: the Americas, Europe, Asia Pacific and Sweden.
- Customized content: to match Sony Ericsson models, structure, languages, culture.
- Cost efficiency: by grouping quantities internationally with one supplier.

MCE was selected to meet these criteria. Once agreed, the solution was promoted specifically through the "Learn to Win" academy, the Sales and Marketing development group.

Insight

... the solution "gave insight into the day-to-day impact of P&L, and a better understanding of what is important to the organization, how we actually measure success, how we follow-up on success, and how we drive the company in the end".

Sven-Ake Damgaard, VP HR, Sales & Marketing & Head of Sales Operations

1 The Challenge

The solution, however, would need to go well beyond the key elements of finance - to create common understanding and alignment. As Chris Bivona, Director of Sales, Marketing and Human Resources, pointed out:

"One of our key requirements was to establish a common language. Getting bread and butter financial training is all well and good, but we live in a very special company. The joint venture structure leads to special legal situations and cultural issues - even the typical financial standards don't apply. We needed a solution that, aside from financial understanding, created alignment around the strategy, the culture and the drive of the company." Due to the international nature of Sony Ericsson's operations, global delivery would be required.

2 Development and Solution

Sony Ericsson and MCE agreed that the objective of their partnership was to help managers:

- understand the financial implications of their every day decisions
- understand how those decisions contribute to the financial objectives of the joint venture.

The emphasis would be on the main drivers of profitability for Sony Ericsson and its key customers.

All of the participants were from non-financial backgrounds. The first step was to develop a healthy 'disrespect' for figures, so as not to be put off or scared by them. Other key elements covered included:

- Tools to analyse and identify what figures told about the operational performance and financial position of the business.

- Analysis of day-to-day activities to identify how line managers could contribute to the enhancement of profitability and the creation of value.
- Discussions and case studies on budgeting and forecasting with a focus on the implications of significant variances in sales forecasts.
- Capital investment appraisal as it applies to Sony Ericsson.

3 Results and Benefits

In 2007, "Finance For Innovative Managers" has taken place in the UK (two sessions), Singapore, Sweden and Germany. Further sessions are being planned by Sony Ericsson as part of a global roll-out. Managers that have participated include: Operational Buyer, Senior Manager Business Development, Marcom Manager, Manager Logistics, Head of SW application Development and Global Travel Manager.

Sony Ericsson Mobile Communications

Sony Ericsson, a 50:50 joint venture of Sony Corporation and Ericsson AB, was established in October 2001. Its mission is to establish Sony Ericsson as the most attractive and innovative global brand in the mobile handset industry. For more information, visit www.sonyericsson.com



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Customer Specific Solutions:

If you would like more information on how MCE approaches global problems and provides solutions that can be implemented locally, contact Patrick Faniel, Director of Customer Specific Solutions on +32 2 543 21 29 or send an email to Patrick.Faniel@mce.be