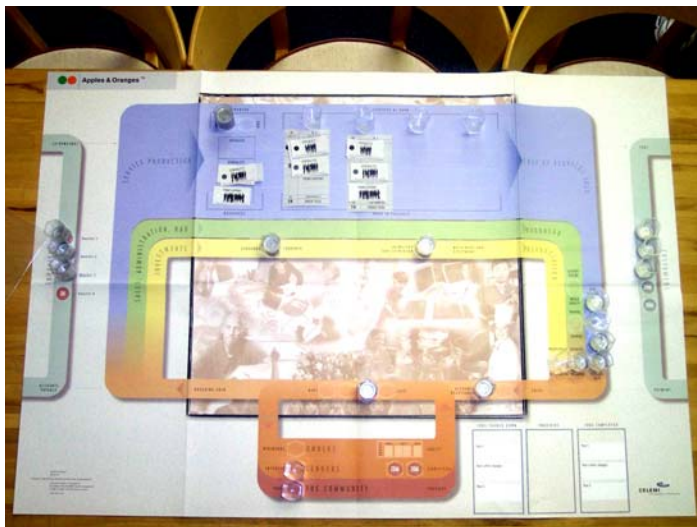


## Celemi Apples & Oranges® Helps Create a Sense of Business Ownership at Vermeer

CELEMI CLIENT CASE

It isn't everyday that employees demand more business finance training; but that's what happened at Vermeer Manufacturing, an industrial and agricultural equipment manufacturer based in Pella, Iowa.



**Celemi Apples & Oranges: making the conceptual visual**

The company began sharing monthly financial and business performance measures with employees a few years ago, on the heels of a downturn in the telecommunications industry — a key business segment for Vermeer. “We also created a financial training camp to help everyone understand where the financial information was coming from and what it meant to their own areas,” recalls Debra Smith, Manager of Training & Development at Vermeer. “It became all that more important as we began to emerge from this challenging period. It gave everyone the financial knowledge necessary to help the company pull through it.”

While the feedback to the initial training was positive, many of the participants indicated a desire for even more in-depth financial training. That's when Vermeer began investigating business simulations specifically designed to help people understand cash flow, efficient use of resources,

and the nuances of financial statements. After exploring their options, Ms. Smith said Vermeer ultimately selected Celemi Apples & Oranges®, a hands-on business simulation noted for its “sophisticated content and clear alignment with the company’s business philosophy and internal measures of success.”

During an Apples & Oranges session, which can be completed over the course of one day, a facilitator guides teams of employees, often from varying backgrounds, through several business cycles of a model manufacturing company. The activities mirror the business processes and realities of Vermeer. Each team maneuvers plastic markers along a game-style work mat as they make decisions about challenges they face in production, inventory and collections, while simultaneously juggling interest on loans, payroll and taxes. At the end of each cycle, or simulated “year,” each team completes a P&L statement and a balance sheet reflecting the financial impact of their activities.

The Vermeer Finance department co-facilitated each session with the Training and Development group. “In the training, we were able to include ‘custom content’ related specifically to Vermeer, and allow the participants to cal-

### **Aha! Moment**

*“Eyes really open wide when they realize that it's not volume sold or inventory reduction, but price increases, that have the biggest impact on the bottom line.”*

– Debra Smith, Manager of Training Development

culate various Vermeer ratios from the results obtained in each manufacturing year they simulated,” said John Koolstra, Finance Controller. “We began the training with our entire finance staff, allowing people focused in one area to see the big picture as to how a manufacturing company operates and makes money. We received very positive comments and were confident that Apples &

Oranges would give us the ‘next level’ of financial training for managers.”

Gary Coppock, a Continuous Improvement Manager for Operations and a 12-year Vermeer veteran, works with production managers to identify areas of waste. He says the simulation sparked lively conversation among his team members and helped everyone understand decision-making from a variety of perspectives. “At one point we were investing all these dollars into R&D and not really sure what we were getting back,” he recalled. “Innovations are a major focus for Vermeer and it was interesting to see not only how long it takes, but how this investment added to profitability.”

At the end of Year 1, Vermeer uses Celemi’s Cash Flow Simulator, a component of Apples & Oranges, during a breakout session to further test participants’ financial savvy. Working in teams, the participants are asked to identify which of the following — if altered by 10 percent — would generate the greatest bottom-line results: volume sold, price, cost of goods sold, inventory, administration, sales and marketing, or development.

“Eyes really open wide when they realize that it’s not volume sold or inventory reduction, but price increases, that have the biggest impact on the bottom line,” adds Ms. Smith. “Managers’ real learning follows that activity, when we use the cash flow simulator to show how combining improvements in all areas can have a greater impact than increasing prices alone.”

Year 2 in Apples & Oranges deals with improving profitability and proves challenging as teams wrestle with excess inventory, carrying borrowed capital without the business to sustain growth, and the costs of investing in new materials and technology. Louis Norton, a Continuous Improvement Manager who focuses on Vermeer’s business processes and those of its suppliers and distributors, describes Apples & Oranges as a “valuable piece of training.” He adds: “It is very visual and really reinforced the financial components of operating a business. People got to do the math themselves, based on the actions of a simulated company rather than just watching a presentation. This simulation directly corresponds to what we try to accomplish every day.”

At the end of the second year, the simulation is again paused to review Vermeer’s Measures of Success (VMOS), the financial ratios on which Vermeer business decisions are made. “We communicate these measures to our employees in monthly VMOS meetings. During the training, we review each of these measures, discuss how they are calculated, and what questions they answer about how the business is performing,” says Ms. Smith. “Each team calculates the VMOS measures using the data from their Apples & Oranges model and reflects on the results.”

With more than 200 managers having completed the Apples & Oranges simulation, Ms. Smith and others at Vermeer began to see how the program not only achieved their initial objectives of improving financial acumen, but how it also supported the company’s Lean Manufacturing efforts. “I really liked how you moved money and inventory around the work mat and through different scenarios rather than just calculating numbers,” adds Mr. Coppock. “It was very effective and reinforced the Vermeer corporate objectives we talk about all the time. It also creates a common understanding of our business and helps when I meet with other managers to talk about ways of improving company efficiency.”

As a culminating activity, all participants are required at the end of Year 3 to use their new knowledge to create action items they could use on the job to improve business performance. “This is how you transfer knowledge into a tangible result,” notes Dan Topf, a partner in Management Development International, a certified Celemi facilitator and consultant to Vermeer. “This is a way to get everyone actively involved in the success of the business.”

Vermeer monitors the simulation’s impact by administering short pre- and post-tests to all participants. “We consistently find significant improvement in their overall business acumen at the end of the session,” declares Ms. Smith. “And we consistently hear from participants that it is one of the best training sessions they’ve experienced. Celemi Apples & Oranges has become a valuable addition to our financial training program.”



### What is Apples & Oranges?

*Celemi Apples & Oranges is one of the most popular business simulations in the world. It has been translated into 18 different languages and is used by all types of manufacturing, service, knowledge and distribution companies to help their employees understand the basics of business finance and how to create more value for their organization. It's a fun, fast-paced one-day experience during which participants make decisions to achieve maximum productivity and profitability for a simulated company. They monitor cash flow, fill out income sheets and balance statements and assess how resources will be best used – while facing pressure from suppliers, customers and competitors.*