



*The following is an edited abstract from the CFO Thought Leader podcast featuring Brian Giambagno, CFO Action Environmental Services, and Jack Sweeney, co-host of CFO Thought Leader.*

CFOTL: Brian, since you've now been with Action Environmental Services, a waste and recycling company, for four years now, could you identify what we might call an “aha moment,” a moment of financial insight that led you to take a different approach, or perhaps tweak a process in a certain way?

GIAMBAGNO: Typically when you're joining a mid-market size company, a lot of times what you need to do is implement systems, you need to capture data and be able to come up with those metrics. What I was pleasantly surprised with, my “aha moment,” was we had the data. We had a lot of data for a mid-market size company. We have very sophisticated operating systems; we have a few hundred vehicles. We know where every single vehicle is every day: how much volume has moved, how many hours it was on the road, how many gallons of fuel it used, how many man hours were on each vehicle. The challenge we had was we had a lot of data so how do we convert that to information to make business decisions? That was one of the first things I tackled.

We didn't really have sophisticated monthly management reports when I joined. We had a package but it wasn't a type of package where you can list information you can make business decisions from. So, the aha was wow! We have a lot of data. Now, the follow-up was how do I convert this data into information and disseminate it into the organization so that the operations managers have it in a timely fashion to make critical business decisions? PnL is like driving while looking in the rear view mirror. A PnL happened, then it's all behind you. So how do you take this operating data and get forward-looking lead metrics so that operations managers can make critical decisions during a month so that could impact the results and not see data for the first time, four, six weeks, after a month-end close?

CFOTL: So, how do you do that, deciding how to take the steps necessary to make it happen?

GIAMBAGNO: Let's say it's simply just our GL system. We've got a pretty robust mid-market typical GL system and so one of the first things we had to do was retool our chart of accounts so that we can capture information by business unit. And then we also added the typical accounts to the general ledger, so these aren't debits and credits, these are operating metrics. So when we report we could actually use our report rider to kick out, here's your PnL and at the bottom of your PnL, here are your operating metrics. So, that came out of the general ledger.

Then from our operating system, for a mid-market size company, we actually use one of the industry-wide systems that's very well known, very robust. I did have to hire an analyst and initially it was manual and very labor intensive. We pulled data out of the system. He's running SQL queries for me, we run pivot tables, we spin it in Excel and we're able to come up with a good, strong reporting package for our operations managers. The challenge there was it still is very labor intensive and it wasn't as timely as I would like it to be. It would take a week or two, sometimes three, to churn those numbers, run those pivot tables, get the Excel files out and you're talking 20,000 rules of Excel data, it became cumbersome.

So we implemented -- I refer to it as a data warehouse. It's an application, a dashboard application that sits on top of all our operating systems. So, it sits on top of my general ledger, it sits on top of my operating system. It sits on top of my payroll system, etc., etc., and then we built dashboards from this data warehouse that taps into each of our operating systems and gives us web-based dashboards, charts, graphs, analytics, pretty much in real-time fashion.

CFOTL: How long did this take?

GIAMBAGNO: We spent about three months in the design, so we spent a good amount of time specking at the system -- what do we want to see, how do we want to see it, what's the format? And remember, we've been reporting a lot of this information already but it was manual. We had graphs, we had charts, we had statistics, we had scorecards but it's all on Excel. But that gave us a real good basis to use when we built out our dashboard. So, I would say we invested probably about three months just specking out the system and then once we said go, it took us about six weeks to actually develop, roll out, train the staff and put the system into use.

CFOTL: Did you have other outside consultants who helped execute it?

GIAMBAGNO: Yes. It's a package that we used a third-party consultant to help us design the initial layout. And then what I'm literally doing is taking that analyst that we have in-house who used to spend days and days running SQL queries and spreadsheets. Now I'm training him on his dashboard application so that we wean off the consultants and he becomes really the super user internally.

CFOTL: Are you confident and are you seeing the results you hoped for in terms of getting this data in a form where your manager is going to actually use it?

GIAMBAGNO: No question. We could track actually within the system how many users are actually using the system, how much time they spent logged on and/or actually getting people who were not on the initial user list asking for access to the system. So we're already designing phase 2 implementation. Now we're going to go into repair and maintenance, risk management expense reporting, all those other areas that we didn't touch on in the first phase. When you have users asking for more, you know you've done something pretty well.

CFOTL: Who is it that you're empowering with this data and what's their typical position?

GIAMBAGNO: Everything from our executive team all have access, each of our line managers. Everybody has PnL responsibility for our facility – the dispatch managers, the guys who are responsible for all of our trucks, our routes, the route profitability of our labor, our efficiencies, all those operations managers. We have customer service. We track every little phone call we get every day. So, our customer service manager tracks how many calls, how many calls we missed, the type of call, how long they were on hold to measure the customer experience. So it really spans the organizations cross-functionally.

It's not just a finance tool. We've got what we call landing pages, five landing pages, one for the executive team, one for the finance team, one for sales, ops and customer service. And then within each, they have their own dashboards and metrics that they use really on a daily basis.

CFOTL: What is the one thing that is really exciting you about finance and business right now?

GIAMBAGNO: What's exciting is how we've grown. Revenue wise, we're five times what we were when I joined four years ago. We've done four rounds of equity financing. I'm on my sixth amendment to my credit agreement where we keep expanding our credit facility. Kind of what's exciting though now is that we've built what we've built, getting there and running this business and really getting out of the office, putting my boots and jeans on and getting out in the field with the operations managers. That's, in my opinion, really where the finance team can add value. As I tell my team, our operations managers are our customers and we need to provide them with a service, we need to provide them with the information they need to run the business. So, what's exciting here is we've grown; we've built a real solid geographic business in North Jersey and New York City, New York State. Now it's getting out there and helping the operations team run the business.