

Panasonic Homes

Panasonic Homes realizes digital transformation in the management accounting field

Cash-oriented business plans are made possible by a new management system that automatically creates balance sheets, cash flow statements, and cash position tables from profit & loss statements

Customer Story

SOLUTION: Visualization of actual business conditions and acceleration of management accounting

INDUSTRY: Comprehensive homebuilder

To speed up business planning based on cash flows, Panasonic Homes wanted to automate the generation of B/S (Balance Sheet), C/F (Cash Flow statement), and C/P (Cash Position table that shows cash balance peaks and bottoms during each month) when P/L (Profit & Loss statement) are created. Anaplan's cloud-based planning solutions were chosen to take on the task.

The speed of business planning, which used to be limited only by the making of P/L, has dramatically improved. What's more, B/S, C/F and C/P can now be created immediately. This has led to efficiency gains, such as the elimination of the over 2,000 hours annually required to manually prepare the business planning, as well as an overall mindset shift caused by increasing employee awareness of B/S, C/F and C/P during their daily tasks.

The Anaplan logo consists of a stylized blue triangle icon followed by the word "anaplan" in a bold, lowercase, sans-serif font.

Corporate introduction

Panasonic Homes Co., Ltd. aims to be the leading residential housing company (in its markets) by realizing top-level customer satisfaction. It was established in 1963 to further Panasonic Corporation founder Konosuke Matsushita's mission to build best-quality houses (not only in hardware, but also in resident quality of life). As a comprehensive housing provider, Panasonic Homes constructs custom-built houses and condominiums, carries out home renovations, engages in land and building sales, provides real estate brokerage and rental housing management services, and manufactures prefabricated housing systems. The company operates in Japan, Taiwan, Malaysia, Indonesia, and New Zealand. It is committed to ensure "unparalleled durability" and "ease, comfort, and economy of living" in the homes it builds, and aims to be the leading residential housing company in its market by realizing top-level customer satisfaction.

Use case

Company-wide business planning: a logic model automatically generates classification as well as B/S, C/F, and C/P immediately when P/L is created. The logic model runs on the Anaplan platform, establishing a system through which business planning based on working capital can be rapidly generated.

Challenges

- The prior business planning process made it difficult to create cash flow-based initiatives and recovery plans
- The speed of business plan creation was too slow due to the use of spreadsheets
- Since many accounting veterans will retire in the near future, Panasonic Homes will no longer be able to call on their skills and expertise in the formulation of business plans

Goals

- Transform from P/L-oriented to B/S-based and cash-oriented business planning process via automatic generation of P/L, B/S, C/F, and C/P
- Aim to save labor and speed up business planning by revising the existing 'bucket relay' method that uses spreadsheets
- Include individual skills and expertise in the logic of the new management system

Why Anaplan?

- Sufficient scalability to handle high-data volumes
- High-speed processing
- Intuitive, spreadsheet-like user interface (UI)

Seeking to be the number one homebuilder to ensure "unparalleled durability" and "ease, comfort, and economy of living," Panasonic Homes is a comprehensive homebuilder that is primarily engaged in construction of custom-built houses, integrated mixed-use multistoried residential buildings (such as owner's home integrated with rental apartments, stores, and office spaces), and condominiums. Konosuke Matsushita, the founder of global consumer electronics manufacturer Panasonic Corporation (Panasonic), established Panasonic Homes in 1963 and was driven by a sense of mission to "build the best quality house (not only in hardware, but also in resident quality of life)." The company now has a wide range of businesses, including customized house construction, asset utilization support for landowners, urban development, home renovation, real estate leasing and management, and service from purchasing to selling properties.

Panasonic Homes' particular strength in housing construction is steel-framed structures. These robust structures embody the company's commitment to be the number one homebuilder in its markets in terms of ensuring "unparalleled durability" and "ease, comfort, and economy of living". From single-story houses to nine-story buildings with prefabricated housing systems, smart homes (IoT), and multi-generational dwellings, Panasonic Homes builds resilient residences to withstand natural disasters while providing a safe, peaceful environment that meets its customers' varying needs.

In January 2020, Panasonic Homes became a group company within Prime Life Technologies Corporation (PLT Group), founded by Panasonic and Toyota Motor Corporation (Toyota Motor) with the aim of achieving future-oriented town development through the fusion of their technologies into people's lifestyles.



Toshihiko Iwamoto
Managing Director, Financial Management Department, Board Member
(position at time of interview)

Toshihiko Iwamoto, Panasonic Homes' Financial Management Department, Managing Director, Member of the Board, explains, "In recent years, we have spread out our business from custom-built housing construction to town development projects, such as the 'Fujisawa SST' (Sustainable Smart Town) project in Fujisawa City (Kanagawa Prefecture), the 'Tsunashima SST' project in Yokohama (Kanagawa Prefecture), and the 'Suita SST' project in Suita City (Osaka Prefecture) which recently opened. As a member of the PLT Group, while we would like to incorporate Panasonic's lifestyle updating technology and Toyota Motor's mobility technology, we work on new and innovative town development by utilizing the technologies we have developed over our many years' experience of housing construction."

Pursuing a new business management system that "visualizes" any business situation

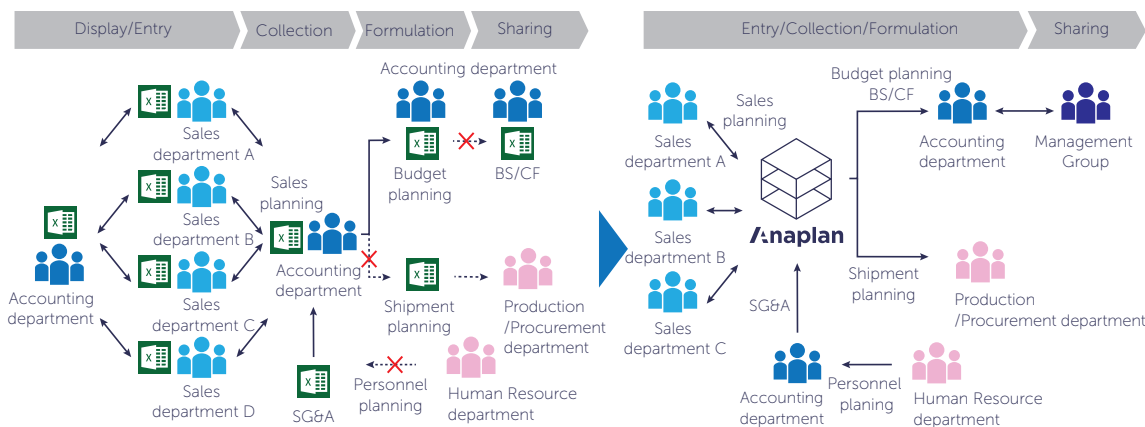
Iwamoto joined Panasonic Homes in April 2018 after many years at Panasonic Corporation, and assumed responsibility for the accounting department. He soon realized the department faced three major issues.

"First, the structure of 'accounting for management' was not aligned to its purpose. At the Panasonic Group, the accounting department is traditionally not limited to financial accounting, but instead also handles management accounting. We at the accounting department are required to play the role of 'a compass for management' and 'a good management partner.' We therefore need to provide management with the numerical information they need to make decisions in a timely manner and respond quickly when any signs of change or opportunity appear within that information. At Panasonic Homes, I felt that we had not yet sufficiently visualized or grasped that information," says Iwamoto.

The second thing he noticed was the slow speed of the accounting function. Even when the accounting team was able to make visualizations of actual business conditions, the delivery time to management was slow, thus impeding timely managerial deliberations and delaying decision-making. "We live in a rapidly changing world in which slow decision-making can be risky. In the past, we collected data from each of our branch offices around the country and group companies, and then aggregated the data by hand in spreadsheets. That naturally took a lot of time. I felt we urgently needed to build a new system to accelerate the process," recalls Iwamoto.

He concluded that introducing a new system would be essential to address the third issue: the shortage of top-performing accounting talent. "Due to our history of adjusting the number of new recruits in response to economic fluctuations, there was a shortage of human resources available to play a central role in the accounting department. We have no choice but to make up for the lack of manpower with the power of information technologies," explains Iwamoto.

"I decided that to address these three issues—visualization, speed of delivery, and reduction of manual labor—at the same time, a new management accounting system was essential." Iwamoto wanted this mechanism to function as a management system that could speed up the business management cycle (Plan-Do-See-Check-Action). "However, we decided that it would be difficult to proceed with the construction of a business management system all at once, because we were unable to establish a full-time project team due to a staff shortage. We first tried using spreadsheets to clarify what we wanted to do and what we needed to do," recalls Iwamoto.



During business planification: before and after



Building the logic model to generate the P/L, B/S, C/F, and C/P

Iwamoto envisaged a management accounting system that could forecast not just future P/L, but also B/S, C/F, and C/P. Even forecasting sales, expenses, and profits can result in “a pie in the sky” if various measures are implemented without financial support. “In Panasonic Group’s finance and accounting department, we have a tradition of viewing our management activities based on cash flow. In our town development business, we have to face large up-front cash expenditures for real estate acquisition and building construction. To grow this business, we must place great emphasis on—and pay careful attention to—our cash flow. That is why I wanted to build a new system that could generate not just prospective P/L, but also B/S, C/F, and C/P,” Iwamoto explains. Yasushi Kishimoto, section chief at the budgeting section at Panasonic Homes’ accounting department, led the effort to build a logic model based on Iwamoto’s vision.

The rationale was to carefully journalize the contents linked to the P/L items and feed them through to the B/S, C/F and C/P. “I spent a lot of time investigating when and what kind of journal entry would occur for each division. I believe we have constructed a highly precise logical process,” Kishimoto explains.

The accounting department made a prototype system in spreadsheet form that automatically creates B/S, C/F, and C/P by aggregating the original P/L data collected from each department, branch office, group company, etc. However, this data was too voluminous, causing the spreadsheet to slow down or even crash. Although the coding logic was well designed, the spreadsheet was unable to achieve Iwamoto’s desired processing speed.

The Panasonic Homes accounting department sought a different platform that could run the logic more smoothly. After considering

several potential partners, Anaplan was selected to provide cloud-based planning solutions.

Adoption of Anaplan, with speed and processing power that exceeds that of spreadsheets

The main deciding factors behind Kishimoto’s selection of Anaplan were its ability to handle high data volumes, fast processing speed, and an intuitive, spreadsheet-like interface. This convinced him that Mr. Iwamoto’s aim of “visualization” and “speeding up” of the business plan, combined with labor saving, could be realized. Panasonic Homes adopted it in the fall of 2020.

The results have been astounding. “Thanks to the introduction of Anaplan, the overtime required for the preparation of business plans by our approximately 65 accounting staff has been reduced by around 2,000 hours in a single year,” says Tsuyoshi Sato, leader of the accounting department’s budgeting section. Not only has work time decreased, the volume and quality of the output for business plans has also increased. “Previously we started the business planning process in November. It took an enormous amount of effort to finalize just P/L based on the quarterly period by the end of December. We then had to prepare B/S, C/F and C/P before the end of March, in time for the start of the new fiscal year. Now, by the end of December of the previous fiscal year, not only P/L, but also B/S, C/F, and C/P are all completed on a monthly basis. Anaplan solutions allow us to spend plenty of time, starting in January, preparing for the new fiscal year (starting in April) in line with our business plan,” says Iwamoto. “In addition to the quantitative effect, I think that the change in employee awareness was also significant due to the ‘visualization’ of our B/S, C/F and C/P,” continues Iwamoto. For example, employees are aware of B/S while engaging in sales and marketing, and there has been a significant reduction in stagnant inventory since the adoption of Anaplan.



Yasushi Kishimoto
Section Chief, Budgeting Section, Accounting Department



Tsuyoshi Sato
Leader, Budgeting Section, Accounting Department

“Now that we have established a new management system for business planning, we are working on the next step. At Panasonic, we have a management method called *kotomae* management, in which a business plan is updated with new countermeasures and recovery plans in response to changes in the internal and external environment. It is then used in business activities. Kotomae management is a bridge between a business plan and its actual results. We will apply the newly developed business plan system to this kotomae management,” explains Iwamoto.

“Once the kotomae management system has been established on Anaplan, the business plan, kotomae, and actual results can be combined into one system. This will digitally transform management accounting, making it more visualizable, faster, and

more efficient than before. This new system is unprecedented in the whole Panasonic Group. Several Panasonic Group companies have shown an interest in it after having it explained to them. In the future, we would like to develop this process to respond to actual conditions in each Panasonic Group company,” adds Iwamoto. In this way, Anaplan could help drive the further evolution of management accounting in the Panasonic Group.



About Anaplan

Anaplan is a transformative way to see, plan, and run your business. Using our proprietary Hyperblock™ technology, Anaplan lets you contextualize real-time performance, and forecast future outcomes for faster, confident decisions. Anaplan enables connected strategy and planning across your enterprise to move your business forward. Based in San Francisco, Anaplan has over 200 partners and more than 2,000 customers worldwide.

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