



## Streamlined budgeting underpins further growth at Argenta

Founded in 1956, Argenta is a Belgian bank and insurance company with over 1.72 million clients. In the last few years, the organization has grown rapidly, putting a lot of pressure on its ability to keep a clear view on budget and costs. To streamline its budgeting process, Argenta's financial director Christian Lambrechts called in the help of delaware. The increased overall transparency has since resulted in a predictable and manageable budget that is widely supported throughout the organization.

Argenta is one of the few Belgian financial players to have made it through the banking crisis of 2008 unscathed. "We've always been a cost-conscious organization," says Christian Lambrechts, director financial management at Argenta. "That attitude, together with our conservative investment- and funding approach, has been key to our positive solvency ratio, but also to our reputation as a trustworthy organization. Yet, as we have been growing rapidly in recent years, cost control became increasingly complex. That's why we decided to look for ways to optimize our budgeting process." Christian asked five external experts to assess Argenta's processes and make a proposal. delaware's offering immediately stood out as the most to-the-point, backed by relevant experience and a justifiable price.

### 1 Increased complexity

Companies that grow organically often have a historically-grown, top-down budgeting process. It's the classic story of the general manager turning every penny twice. "The fast expansion of the organization made it difficult to maintain that approach," Christian continues. "Due to the increased complexity, management teams got more responsibility. While the macro budgets remained a C-level issue, the actual implementation was done by the business directors. The process wasn't formalized, however, so every director was interpreting the budgeting process in his or her own way."

### 2 Streamlining and strengthening

A first goal was to formalize the process, to ensure that everyone would approach it in the same way. At the same time, Argenta took the opportunity to optimize cost classification, so that everyone would use the same basic definitions. An additional challenge was making the cost classification usable throughout the entire budget cycle, from order to report, to make a clear roadmap of the budget, registration, purchase orders, etc. "Our ultimate goal was to create a solution that would provide directors with a clear budget that they could adjust when needed," Christian summarizes.

### 3 Involving all the stakeholders

delaware kicked-off the project with a thorough assessment of the existing budgeting process. To gain a clear view, delaware interviewed closely involved employees. It became immediately apparent that the existing process was relatively rigid and based on predominantly monetary values. Another fascinating insight was the high amount of micromanagement it required.





In step two, the project team joined forces with the existing cost working group – a broad, transversal team consisting of directors from all of Argenta's departments – to discuss the assessment results and define future goals. The entire exercise was then synthesized into a new policy that senior management subsequently approved.

#### **4 Increasing transparency**

The new policy principles were instrumental in increasing transparency at Argenta. Christian explains: "Right now, there are four formal cost levels, each with a clear definition and owner. Some costs are managed centrally, and others are the responsibility of the different business lines. Apart from that, we also monitor the unit price and the predictability and sustainability of the cost volume." Employee training, for example, is part of cost level 1 under 'Staff-related costs'. Level 2 contains 'training and coaching.' On level 3 — where the actual budgeting is done — a distinction is being made between company-wide training, which is part of the centrally managed budget, and 'technical training,' which is part of the budget of specific management. "The predictability is contained within the fixed coaching offer," Christian clarifies. "The manageability of the budget is determined by the optimum number of participants the management sends to the training."

#### **5 Consistent approach**

The new approach perfectly illustrates the sense of clarity that delaware has been achieving at Argenta. The whole of cost types perfectly aligns with the accounting system. "It has to be clear whether an expense is related to the bank or the insurance company," says Christian. "And every cost needs to be linked to a purchase order." At the same time, the entire budgeting process has been redesigned as well. "The current figures are the starting-point, after which the executive committee defines the desired situation on a macro level. Subsequently, the budget templates are sent to the directors. Their estimates are then sent back to the executive committee to finalize the budget." After this, the practical budget realization and accompanying follow-up are done to avoid overspending.

On a technical level, the budgeting takes place within IBM Cognos TM1. The templates are adjusted to the feature of the cost types, then aligned with the accounting departments' account system and the order system's categories. The goal was to make everything as transparent as possible for directors. Accounting at Argenta is done on the Oracle platform. Directors have a license to access the required information. In this way, they get profound insight into current and future costs. It allows them to keep a clear overview while also giving them the level of detail they require.

#### **6 Transparency throughout**

The project has been of crucial importance to Argenta. "We are continuing our tradition of being a cost-conscious organization," Christian continues. "The big advantage is that there's a much higher level of transparency concerning costs and budget these days. Directors are looking at these issues in a much clearer way today, which enables a higher level of cost efficiency. The biggest difference, however, is the structural approach, which provides a solid base for Argenta to grow and evolve continuously as a company."

