

How Cargill Helped Its Employees See the “Big Financial Picture”

A CLIENT STORY



Overview

Cargill, Inc. has invested in a corporate cash-flow training initiative designed to reach employees in all product lines and in many geographic areas. The objective of this initiative, spearheaded by the CFO of the organization in collaboration with worldwide financial managers, is a measurable impact on the company's cash flow through employee education.

Cargill Invests in Its People

Cargill, Inc., an international provider of food, agriculture and risk management products and services, is committed to using its knowledge and experience to meet its customers' unique needs and help them succeed.

Founded in 1985 as a single grain elevator in the United States, Cargill now employs more than 149,000 people in more than 60 countries.

Cargill executives know that in today's business world, financial literacy and business acumen are no longer core competencies just for financial leaders. Successful executives realize that when all their employees understand the basics of how the business works, the company is more profitable.

Communicating the Financial Picture

At many companies, sitting employees down in a classroom for an eight-hour lecture would surely result in glazed eyes, boredom and a lack of enthusiasm for the new information.

At Cargill, the commitment to cash-flow training was strong, but what kind of vehicle could accomplish this task? Cargill had a two-part solution: first, use a fun, interesting and engaging game to teach the basic concepts of business finance and cash flow, and then build

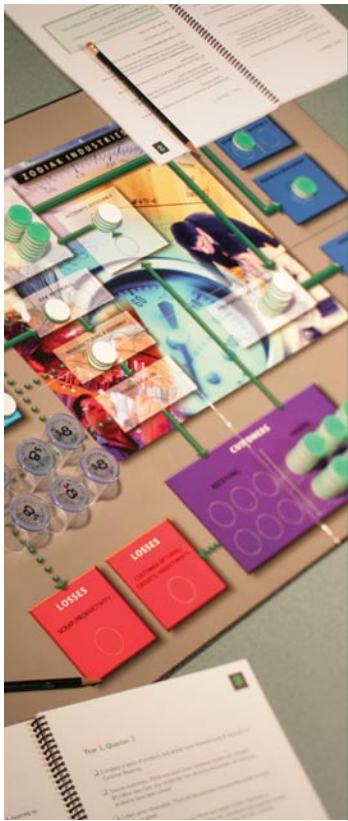
“Business acumen and financial literacy are not traditionally engaging subject material for most employees.”

Robb Gomez
President
Paradigm Learning

on that with concrete, real-world, on-the-job action planning. Cargill chose **Zodiak®: The Game of Business Finance and Strategy** as the foundation for its one-day cash-flow training program.

After taking part in the **Zodiak** game for half a day, participants were taken through specific exercises about cash flow and Cargill's business issues, financials and strategies. Cargill also used **Zodiak** as the foundation for an extensive three-day course called “Step Into Finance” to emphasize how finance is measured in the company and, more importantly, how each employee has an essential role in keeping the business profitable.

One way this is achieved is through a segment during which employees learn the “story” behind the numbers, begin to see themselves as owners of the company and see that each decision they make affects shareholder value. The connection is a simple but highly effective link between sales and profitability.



ZODIAK
THE GAME OF BUSINESS FINANCE AND STRATEGY

How Cargill Helped Its Employees See the “Big Financial Picture”

“Business acumen and financial literacy are not traditionally engaging subject material for most employees,” says Robb Gomez, president of Paradigm Learning, a leader in the corporate training industry. “But if you can instill enthusiasm and motivation into your organization’s business finance terms and applications, then you can gain—as a by-product of this knowledge—a newfound commitment to and reenergizing of their daily work activities.”

Research has demonstrated that people learn best when they are actively involved in the learning process. Over the years, “discovery learning” has been proven to appeal to all types of learners as it accelerates knowledge and skill acquisition and ensures long-term retention. Discovery learning uses experiential and accelerated learning techniques such as games,

simulations and other interactive activities to help learners develop insights and commitment as they internalize new information. Well-designed games and simulations that focus on strategic business issues are extremely powerful learning tools because they engage and motivate learners far better than more traditional teaching methods do. What’s more, discovery learning techniques foster individual thinking while they help to develop team skills.

However, these approaches won’t get the point across unless they are carefully designed to ensure that key learning objectives are met. These objectives must be relevant to the business so that learners can easily connect the stories, tasks and insights they experience during the game to their day-to-day work lives. Programs must also engage and involve participants and motivate them to learn.

10 Steps to Help Employees See the “Big Financial Picture”

1. Teach employees the meaning of your company’s common financial terms, such as *assets, liabilities, equity, depreciation and cash flow*.
2. Describe the importance of critical investments for the future, including research and development, balanced with the often-competing need to reduce expenses and maximize profits.
3. Explain the relationship between profit and cash.
4. Explain how strategic issues such as lean production techniques, quality/process improvement, accounts receivable and payable charges, and debt strategies affect your organization’s success.
5. Describe the term *shareholder value* and explain its importance to your organization.
6. Give examples of the “story,” or the strategy behind the numbers, and relate this to your company’s success or lack of success.
7. Give examples of your company’s tangible and intangible assets and explain their impact on overall success.
8. Make sure employees can analyze the financial results and strategies of your organization and describe organizational strategies being implemented.
9. Ensure that employees can recognize and describe how their job responsibilities and decisions fit within the overall financial success of your organization.
10. Show employees how to prepare an action plan so they can immediately contribute to your company’s bottom line.

Paradigm Learning

Paradigm Learning (www.ParadigmLearning.com) is a privately held company based in Tampa, Florida. Since 1994, it has worked with organizations of all sizes, including more than half of the companies on the Fortune 500 list, creating award-winning business games, business simulations and **Discovery Maps**® to address specific business issues. Its flagship program, **Zodiak®: The Game of Business Finance and Strategy**, has been played by more than one million people worldwide. Other programs address such issues as leadership, teamwork, project management, organizational change, and talent leadership.

What is Zodiak®: The Game of Business Finance and Strategy?

Zodiak is a business simulation that uses a board game to teach participants the basics of business finance and strategy in a fun, fast-paced format. Created by corporate training leader Paradigm Learning, the game is designed to put learners “in the driver’s seat” by allowing them to purchase and run a multimillion-dollar company over a period of three years (in actuality, four hours). **Zodiak** has been played by more than one million people in half of the Fortune 500 companies, and has been translated into thirteen languages worldwide.

How Cargill Helped Its Employees See the “Big Financial Picture”

Cargill Sees Results Worldwide

To date, dozens of Cargill facilitators have trained employees around the world—in the United States, Canada, Europe, Asia, Africa and Latin America. “**Zodiak’s** versatility has allowed us to adapt it to a large number of business situations and cultures. It really meets our audience’s varied needs,” says Susan Haug, manager of financial training and development, and an expert Zodiak facilitator.

Cargill division managers report that the sessions have significantly enhanced understanding of working capital issues and that the focus on cash flow has contributed to improvements in the balance sheet.

Employees now know that their decisions matter, and they have a keener sense of how they fit into the Cargill business model. As a result, they are more likely to make business decisions that are in the company’s best interest. They also have a better understanding of what drives profitability and how lost revenues need to be offset. As Cargill introduces new financial measurements, **Zodiak** is used to help ensure a basic grasp of business finance concepts, making the new parameters easier to understand.

In Cargill’s increased efforts to train its employees, the company recognizes that it is essential to educate employees regarding all aspects of the company.

Test Your Financial Literacy

See if you can answer these questions. Then ask yourself how many of your managers and employees know the answers.

True or False?

1. A company’s cash flow shows up on the income statement.
2. Return on assets (ROA) for the year is equal to profit divided by year-end assets.
3. Accounts receivable are counted as an asset on the balance sheet.
4. A “\$100 million company” makes yearly profits of about \$100 million.
5. The balance sheet doesn’t show you how much money the company made last year.
6. COGS, or cost of goods sold, always includes a portion of the executives’ salaries.
7. If a company buys a new machine for \$100,000 on December 31, its profits for the year will be reduced by \$100,000.

Answers

1. False. Cash flow appears only on the cash statement.
2. False. ROA is net profit divided by average assets—that is, beginning assets plus ending assets, divided by two.
3. True.
4. False. The expression refers to a company with sales of roughly \$100 million.
5. True. Net profit appears only on the income statement.
6. False. COGS includes only those costs directly related to the production of goods and services.
7. False. Capital equipment such as machinery is depreciated over its useful life, and profit for the year is reduced only by that year’s depreciation charge.