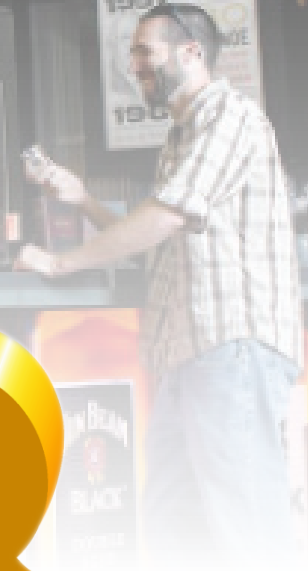
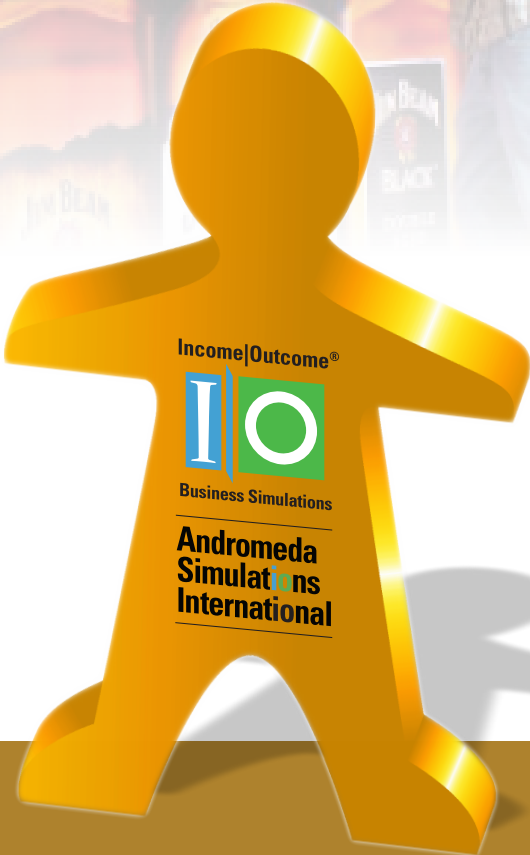


BEAM



How a 'top-shelf' business simulation creates 'top-shelf' business acumen at Beam, Inc.





In 2013, over 500 Beam personnel went through our 2-day workshop.

The majority of people were non-finance employees. Here's what they took away:

"The course gave me a better understanding of how management, customers and shareholders view the business. It helped me to realize how my decisions impact the total company."

"I feel able to communicate financial results and reports to my team confidently and answer questions they may have."

"I feel more comfortable in discussions with Finance. I have a clearer understanding of the impact of inventory and accounts receivable and payable on the business."

Finance people loved it too!

"I have been pleased to see that some financial discussions are more easy with non-finance team members: more curiosity, greater understanding."

"The Acumen class gave me a greater insight into the balance of responsibilities and burdens carried by Finance, Treasury (as a distinct subset of Finance) and Operations."



Everyone makes business decisions. Shouldn't they all understand how business works?

Executive Summary

Income|Outcome has been highly effective at helping Beam employees overcome their fear of finance and getting them more involved in the budgeting process. It is also improving communication throughout the company. Six weeks after each workshop, surveys showed wide-ranging benefits already taking hold at Beam. These are in the form of better pricing, shorter meetings, stronger inventory management, more attention to cash flow, and improved budgeting.



About Income|Outcome

Income|Outcome is a business acumen class wrapped up in a board game. The hands-on simulation uses team competition to develop the business acumen competencies of finance, strategy and decision-making. Fortune 500 companies and top universities around the world use Income|Outcome because better business acumen leads to better decisions and better results.

Background

During 2013 Andromeda Simulations ran 26 Income|Outcome programs for Beam Inc. The commercial acumen workshop targeted people across a wide range of functions: finance, marketing, legal, human resources, supply chain, productions, sales, commercial and R&D. Workshop locations included the main sites at Lexington, KY and Deerfield, IL; as well as Florida, New York, California, Canada, Mexico, Spain, Germany, and the United Kingdom.

Survey Method

In co-operation with Beam Inc. and Percept Research, Inc., all 577 workshop participants were sent surveys immediately before, and six weeks after, participating in the Beam Commercial Acumen workshop. The surveys contained open response questions, and Likert scale questions with open response range from 1 (not comfortable) to 5 (very comfortable). From this data we have been able to gain insight into the benefits of Income|Outcome.

Data from pre- and six week post-workshop surveys show a significant increase in all measured areas of business acumen for participants with and without a finance background.

Overcoming Fear of Finance

Not everyone is afraid of finance; some people just don't like looking at a report that includes finance numbers.

Whatever the reason, the result is the same: people who do not understand finance. And although they are involved in the business process, they are not fully engaged – they won't provide accurate information, won't manage the budget, and won't make decisions that benefit the company.



Reading financial statements, before and after I|O workshop

Before

47%

After

84%

How well Beam workshop participants grasped Reading, Interpreting, and Analyzing a Balance Sheet.

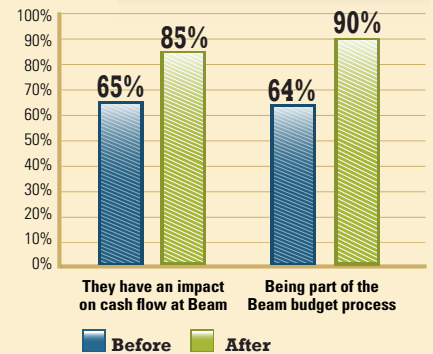
Income|Outcome is making life easier and more efficient at Beam by overcoming fear of finance, and giving people the tools they need to work effectively with numbers – and with each other.

Cash Flow & Budgeting

All employees impact the business. Shouldn't they all understand how it works?



Comfortable being part of the budget process



Surveys before the workshops showed that only 65% of non-finance people realized that their position had an impact on cash flow at Beam. Similarly, 64% were comfortable being involved in the Beam budget process. During Income|Outcome participants experience the benefits of using financial planning tools and are able to see for themselves how their decisions impact company performance. The result? Six weeks after the workshop 85% of respondents say their job has an impact on cash flow and a full 90% of the people feel comfortable with the budgeting process!



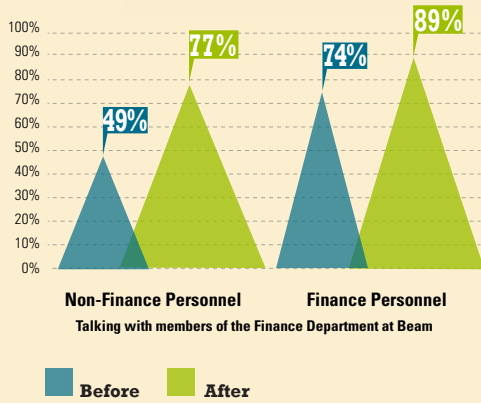
After the workshop, 90% of the people felt comfortable with the budgeting process!

Improved Communication

Good communication happens when everyone approaches a subject from a shared place of understanding.



Even some finance people became more comfortable talking to finance!



We say 'finance is the language of business'. When everyone 'speaks finance' they can better communicate with the Finance Department and each other. Meetings are faster, the budget process speeds up, information flows more rapidly (and more accurately), and everyone makes better decisions.

"In regards to maximizing pricing we were able to generate an additional \$700K for 2014 which will be ongoing."



— After the Income|Outcome workshop a Beam account executive recognized that reducing discounts he was offering to distributors would increase sales revenue by \$700,000 without effecting sales volume or incurring any additional costs — and that this \$700,000 would drop directly to the bottom line as profit.



Quantifying ROI

It is challenging to quantify the ROI for business acumen training because the effect of better business acumen is widespread and people may not even realize they are making better decisions.

However, a survey of Beam employees provides proof the Income|Outcome workshops are driving behavior change that directly improves Beam's bottom line results.



"May month end stocks were 33K, 9ltr cases below budget and stock value was £172K below budget."



— This Beam manager reduced working capital by £172,000, freeing up cash for other purposes (about \$230,000).

Both of these Beam employees describe the powerful effect of better decisions on the bottom line after attending an Income|Outcome workshop.

And, since a lot of managers don't like to say that they are doing something better now as a result of a training program (because it implies they were doing something foolish before); for every one situation that is identified there are likely dozens more that are not reported.

"We were able to generate an additional \$700K (profit) for 2014 which will be ongoing."



Income|Outcome is driving ROI across Beam

Direct return on investment through improved sales is just one way in which Income|Outcome is improving the bottom line at Beam inc. Workshop participants also report actions that drive ROI in the following ways.

Sales people respond to finance requests quickly and with accurate data because they understand why they are being asked for the information.

"I have been better able to communicate our goals to my distributor, and the reasoning behind them."

Production is more careful managing working capital because they understand the cash flow implications:

"I'm working to reduce wasted agave inventory thereby saving 294,000 Mexican pesos/year."

Sales and category owners more effectively use prices and discounts to drive profit rather than revenue:

"Negotiating discounts of 5% on medium and long term contracts."

Buyers are more savvy negotiators and ask for longer payment terms because they recognize the value difference between paying now and paying later:

"We are trying to avoid down payments or anticipated payments. We are trying to share with the employees the impact of paying vendors sooner than 60 days and reviewing payment terms before accepting proposals."

Finance people are saving time.

"The financial impact is the hours that Finance would need to invest if we don't forecast it properly. We can quantify this as 3 days per employee and Latest Estimate in order to adjust the budget and provide explanations. If the employee cost per day is, for example, €200, the saving could mean €1,800 per year and per employee involved."

Some Beam participants did not identify specific actions but still credited the Commercial Acumen workshop as having individual impact with value of \$5,000-\$20,000.

Going Forward (2015-2016)

Beam Inc. is now Beam Suntory. They are continuing their global roll-out of the commercial acumen workshop.

Beam

'Finance' is the language of business. Shouldn't your leaders speak it fluently?

One Simulation. Unlimited Possibilities.

Level 1 Entrepreneurial Challenge 4-6 hours

For Everyone In the Company

Rapid learning in a challenging finance simulation game. Participants work in teams to manage competing businesses. They set prices, monitor cash flow, make operational improvements, prepare financial statements, measure results...and have a ton of fun!

3 decision-making rounds

- financial statements
- financial terminology
- the value of operational improvements
- setting prices in a competitive market
- the difference between profit and cash flow



Level 2 Finance for Everyone 1 day

For All Team Members

Introduces the foundations of business—cash flow, working capital, borrowing, budgets—and challenges everyone to up their (finance) game!

4 decision-making rounds

- supply and demand calculations
- introduction to budgets and cash flow forecasting
- debt repayment
- key ratios



Level 3 Finance for Managers 1.5 days

For Managers and Individual Contributors

Involves constant decision-making on real-world issues such as pricing, capacity, borrowing, R&D, cost structure, and cash flow. Participants gain practice using financial planning and analysis tools for forecasting and improving results.

6 decision-making rounds

- break-even analysis
- unit cost analysis
- income statement analysis
- more practice in budgeting and forecasting



Level 4 Finance and Strategy 2 days

For Planners, Professionals and Senior Managers

Teams draw on a range of skills to meet sales and marketing challenges such as competitive differentiation, falling prices, and disruptive technology.

6 decision-making rounds

- differentiations in market dynamics
- product contribution analysis
- impact of disruptive technology



Level 5 Managing a Global Business 3 days

For Senior Managers and Executives

Each company has opportunities to expand into new products, new markets, new quality initiatives, new process improvements, and more! Very real world—under constant competitive threat, too much opportunity and not enough time or resources.

5 complex decision-making rounds

- multiple products
- multiple market drivers
- seasonal product demand
- product life cycle
- foreign exchange and hedging



Superior Results Since 1996

Only Income|Outcome® offers five levels of business acumen workshops ensuring you can meet the learning and development needs of any employee. We offer shorter workshops for rapid-learning, longer and more thought-provoking programs for managers, and strategically complex workshops for senior executives.

Businesses including BIC, GE, HP, and Michelin have trusted us to develop business acumen in tens of thousands of employees.

Our business simulation workshops have also been effective at quickly preparing entering executive students at numerous leading business schools' Executive MBA and Executive Ed programs, including Vanderbilt (Owen), Duke (Fuqua), UNC (Kenan-Flagler), UMD (Robert H. Smith), and UMN (Carlson).



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• **LEARN MORE!**

• www.Income-Outcome.com

...because better business acumen leads to better decisions and better results.