Ice Breaker!

What was the last country you visited outside of the country you currently live? Feel free to put answers in the chat!

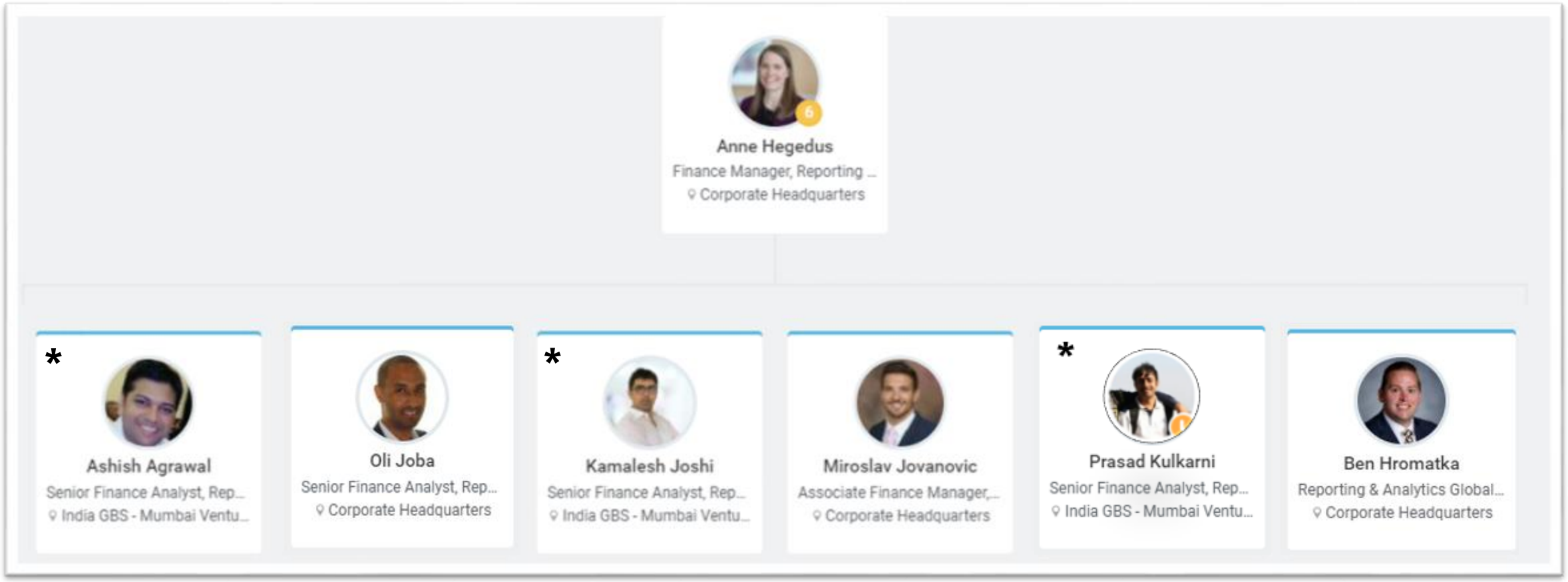
Supply Chain AOC Training

Global FP&A Capabilities Team

Agenda

1. Meet the Team
2. AOC Basics
3. AOC Calculation Examples
4. Overview of AOC Missing Rate / Override Form
5. Rate Override Example
6. AOC DASHB Query

Meet The Team!



P&L / Volume

Supply Chain

AOC / Admin

* GIC Team Members (Available until 11:00AM CST)

Thank You!

- Big thank you to those who participated!!
- We read through all 13 responses on the survey sent out
- Your feedback helped drive the content for the training

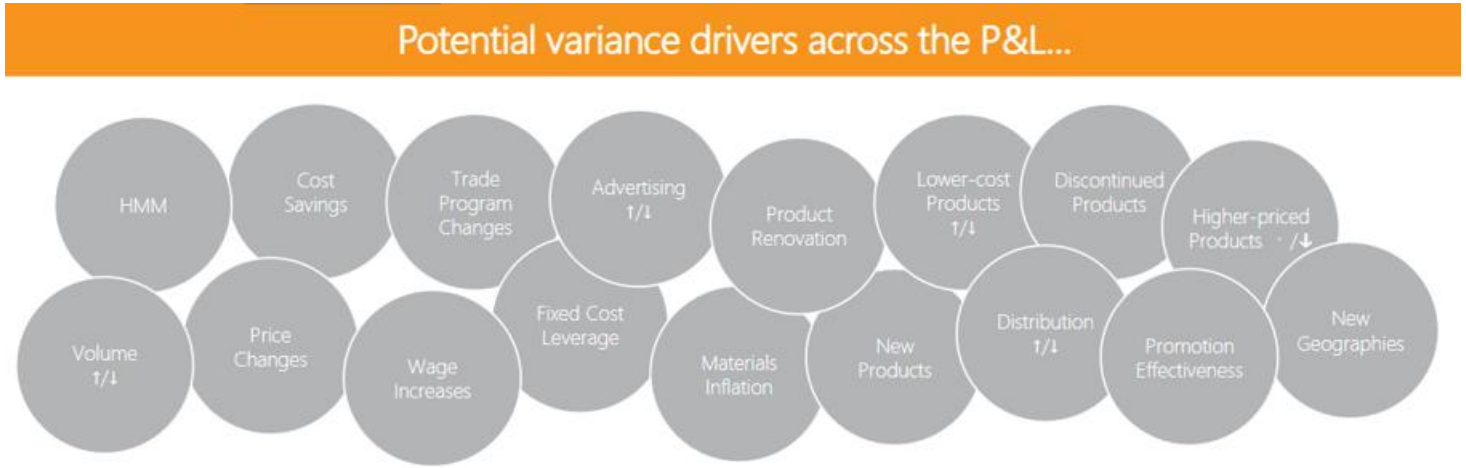
What is an AOC?

What is an AOC?

- Stand for **A**nalysis **o**f **C**hange
- Financial variance between two different scenarios *(ex. Prior Forecast vs Current Forecast)*
- Starts to uncover the reasons behind a variance
- Can be analyzed on any line of the P&L

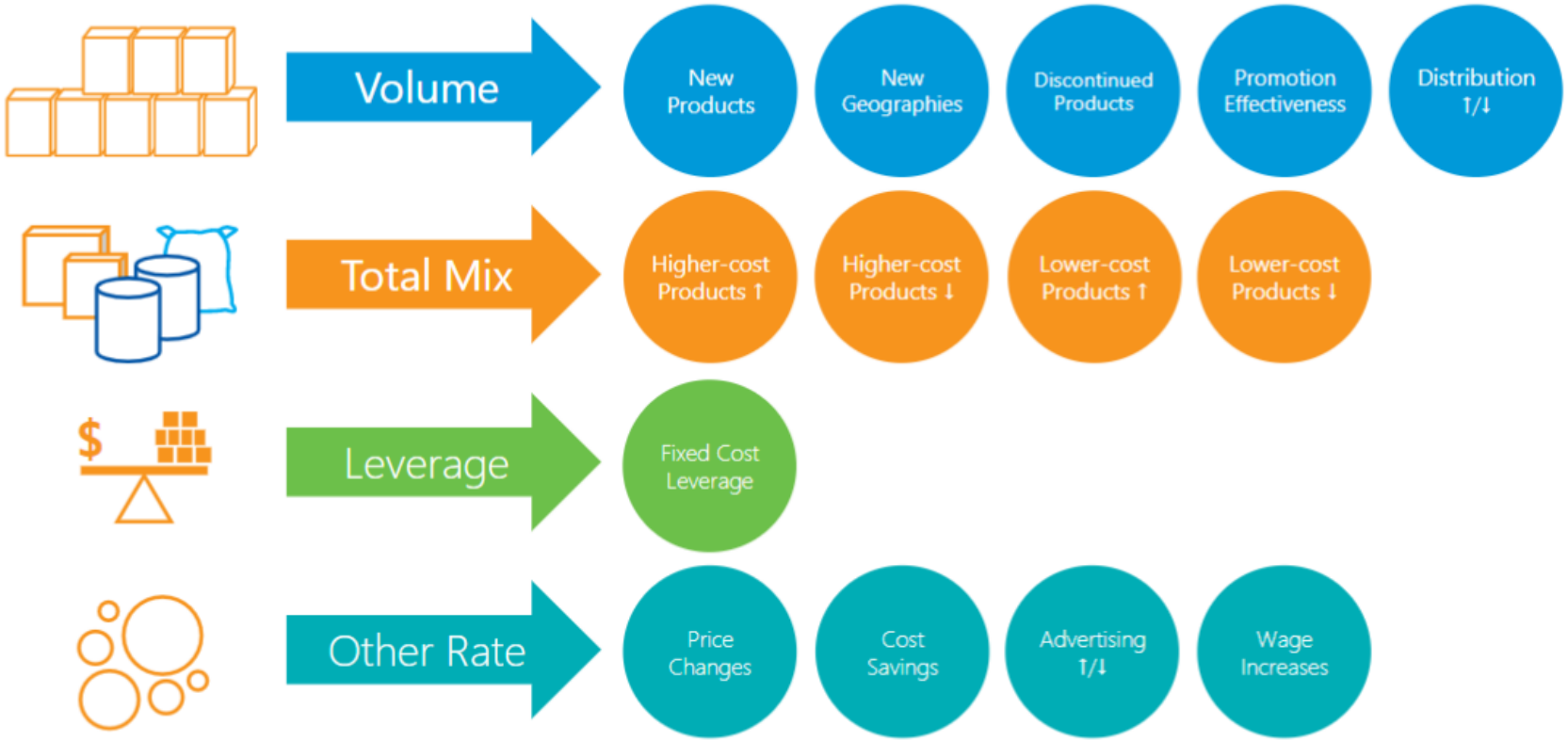
	Old	New	Change	% Change
Volume (pounds)	11	12	1	9%
Manufacturing - Total	$33	$39	$6	18%

- It answers "Why" a financial variance occurred



Variance Drivers

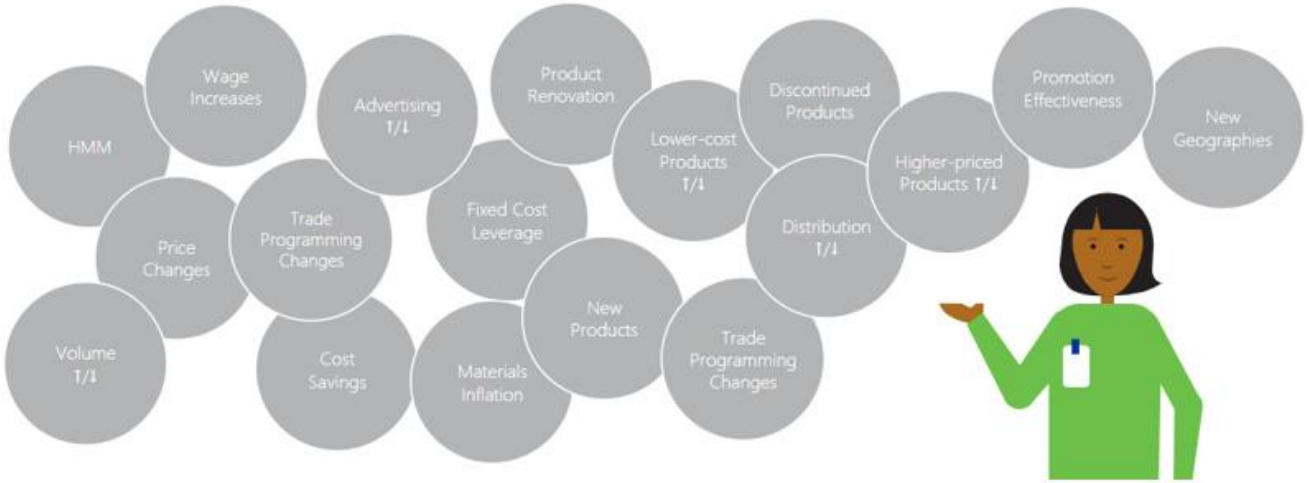
- The AOC simplifies the process and groups the variance drivers into 4 categories



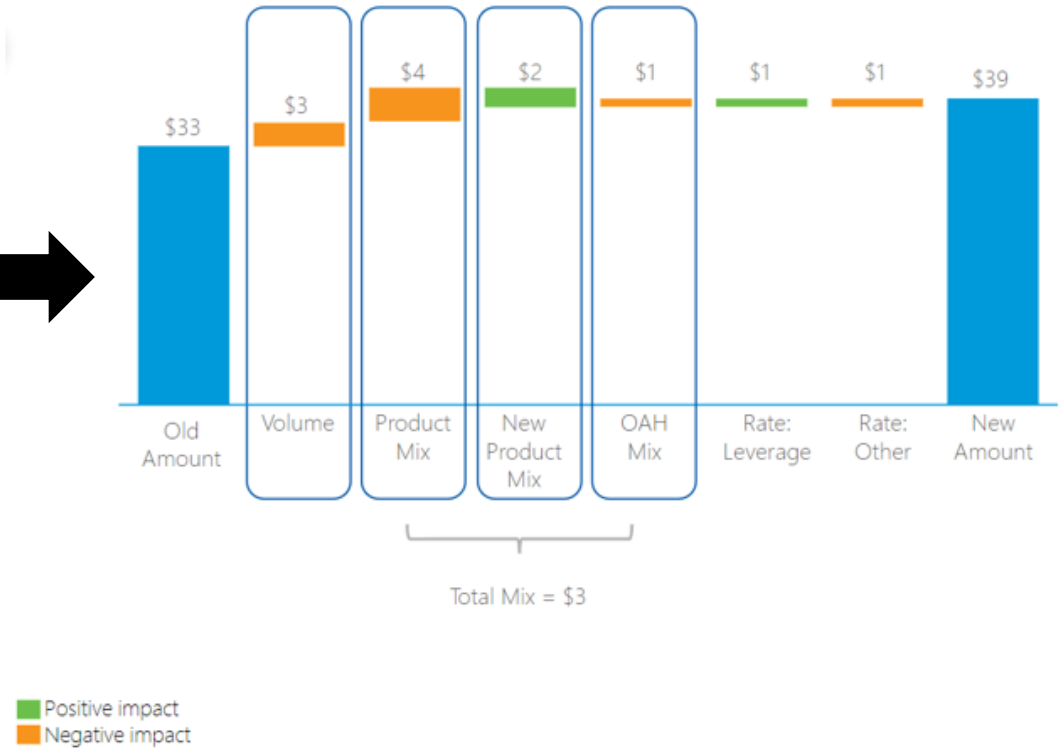
AOC Simplified

AOCs Allow Us to Go From This…

	Old	New	Change	% Change
Volume (pounds)	11	12	1	9%
Manufacturing - Total	$33	$39	$6	18%

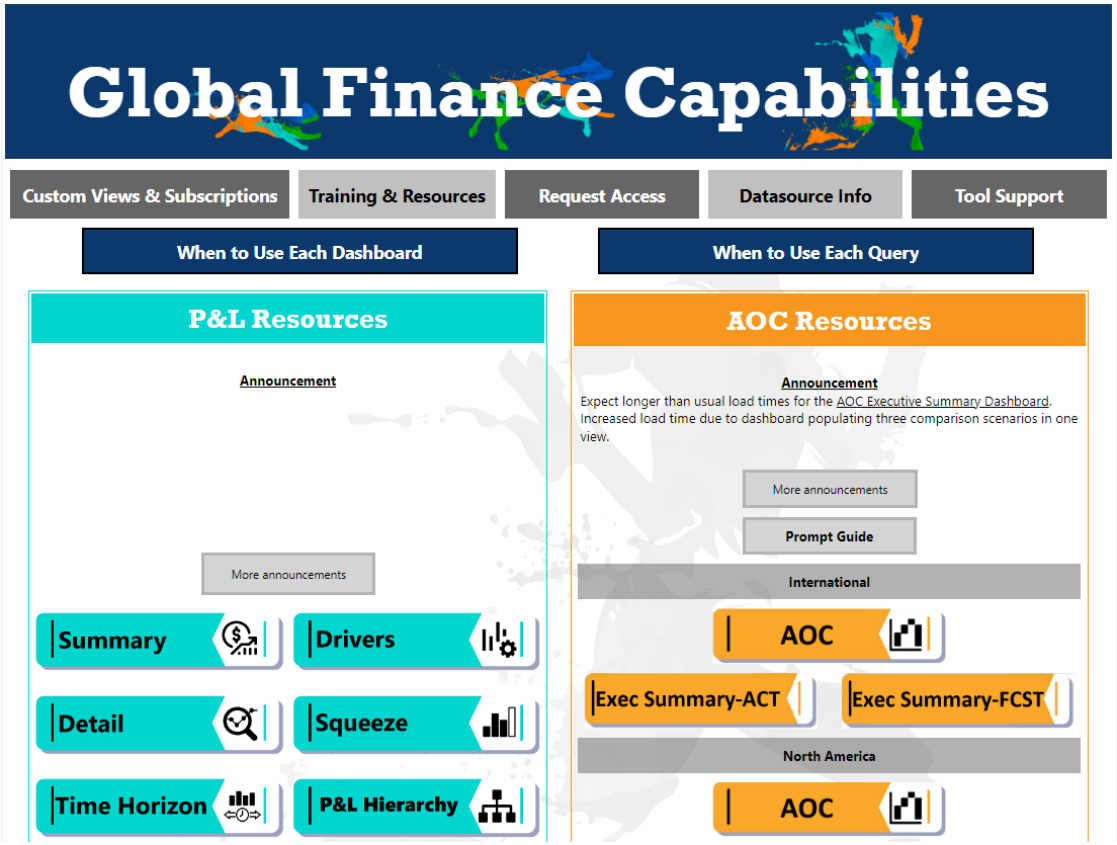


…to This



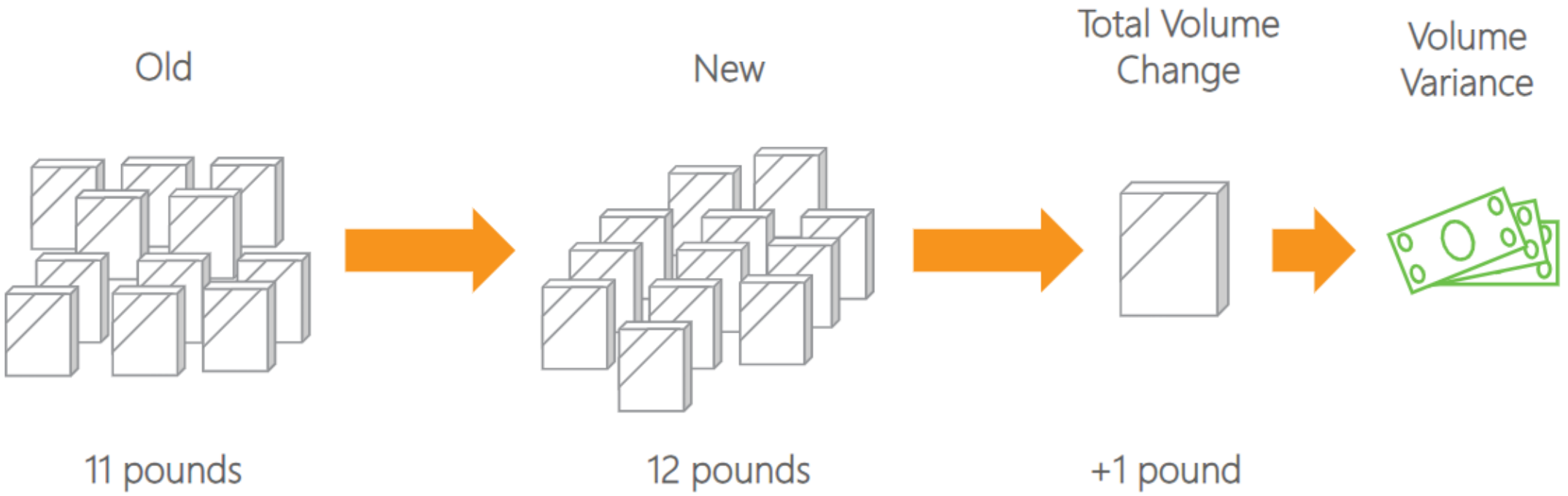
AOC Dashboard

- Go/financedash
- Refreshes every 6 hours (12am, 6am, 12pm, 6pm)
- This Global AOC dashboard is the source of truth!



Volume Variance

Volume variance in the AOC explains how much a P&L line changed as a result of a change in total delivery volume and holds all else constant (mix of products, rate, and leverage). P&L impact from product-level volume changes are calculated in mix variance, which is covered in the next section.



Volume Formula

Change in Total Volume **X** Old Average Total Rate (fixed + variable)

The volume variance formula is designed to assess the impact to the P&L from volume changes, assuming mix, leverage, and other rate are constant.

Change in Total Volume: By using total volume change, the calculation doesn't take into consideration the changes to the mix of product…just the total quantity change. Variance from product-level volume changes are quantified in mix variance.

Old Average Total Rate:

- *Old* refers to the "*old scenario*." By using the old scenario, any mix and rate changes in the new scenario are not incorporated … they are held constant.
- *Average* rate means the P&L line divided by Total Volume. This rate reflects the weighted-average of the products in the P&L line.
- *Total Rate (fixed + variable)*: This formula uses the total rate. Variable rates are included because they are directly tied to changes in volume. Fixed rates are included to hold leverage levels constant (more explanation of leverage in the leverage variance section).

Volume Calculation

Change in Total Volume **X** Old Average Total Rate (fixed + variable)

Snacks Vol Contribution
Change in Volume: (47,832)
Old Logistics Spend: $294,660
Old Logistics Volume: 175,860
Old Average Total Rate: $1.68
Snack Vol Contribution: $80,145

Daily downtime 45 minutes at 12 AM, 6 AM, 12 PM, & 6 PM (Central)

Shown in Thousands (M)

North America AOC

Actual vs. Spring Plan - EC

Segment	Region/OU/OME/SCH	BPH/GPH Level	BPH/GPH Detail	Period	Reporting Definition	Forecast Version	OAH Mix Level
NAR SEGMENT	Snacks OME	BPH Level 30	(All)	Annual	Underlying	Base Forecast	OAH30

P&L	Old Amount	Volume	Total Mix	Rate: Leverage	Rate: Other	Total Change	New Amount	% Change vs Old
Equivalent Cases	175,860					(47,832)	128,027	-27.2%
NSBTC	$4,727,917	($1,285,953)	$12,595	$0	$23,340	($1,250,018)	$3,477,900	-26.4%
Trade	$1,267,499	($344,749)	($1,187)	$0	($141,179)	($487,115)	$780,384	-38.4%
Coupon	$8,613	($2,343)	($1,681)	$0	$459	($3,565)	$5,049	-41.4%
RNS	$3,451,805	($938,861)	$15,463	$0	$164,060	($759,338)	$2,692,467	-22.0%
Materials	$1,173,126	($319,080)	$21,430	$3,137	$5,048	($289,465)	$883,661	-24.7%
Manufacturing	$681,124	($185,260)	$867	$100,917	($92,872)	($176,348)	$504,776	-25.9%
Logistics	$294,660	($80,145)	$7,006	$35,910	($58,220)	($95,449)	$199,211	-32.4%
COGS	$2,148,911	($584,485)	$29,304	$139,963	($146,044)	($561,262)	$1,587,649	-26.1%
Gross Margin	$1,302,894	($354,376)	($13,841)	($139,963)	$310,104	($198,076)	$1,104,818	-15.2%
Total Consumer	$189,163	$0	$0	$0	($186,283)	($186,283)	$2,880	-98.5%
Marketing Margin	$1,113,731	($354,376)	($13,841)	($139,963)	$496,387	($11,793)	$1,101,938	-1.1%
Admin and Selling	$235,450	$0	$0	$0	($99,338)	($99,338)	$136,113	-42.2%
Operating Profit	$878,281	($354,376)	($13,841)	($139,963)	$595,725	$87,544	$965,825	10.0%

Hierarchy Detail	BPH/GPH Filter Level	OAH Filter Level
Base Product	BPH60	OAH60
Search BPH/GPH Detail	**BPH/GPH Filter Value**	**OAH Filter Value**
	(All)	SNACKS OME

Logistics - Key Product Drivers

Base Product	BPH/GPH Detail	Volume Change	Volume	Product Mix	New Product Mix	OAH Mix	Total Mix	Rate: Leverage	Rate: Other	$ Change
111846000	TOT PIZZA ROLLS PEPPERONI 130CT	1,935.	$3,243	$629	$0	$0	$629	($1,453)	$330	$2,750
14709000	GUSHERS STRW/TROPICAL VP 20CT	464.	$777	($118)	$0	$0	($118)	($348)	$106	$416
146626000	TOT PARTY PIZZA PEPPERONI 4PK	393.	$658	$1,093	$0	$0	$1,093	($295)	$251	$1,707
15566000	NV CRSPY CRMY WFR BAR PB CH M..	330.	$553	$193	$0	$0	$193	($248)	$524	$1,022
36447000	F1 SB BROWNIE CHOC FDG BRWNI..	288.	$483	($45)	$0	$0	($45)	($217)	$122	$344
49448000	GARD SNCK MX ORIGINAL RECIPE 4..	219.	$367	$327	$0	$0	$327	($164)	$506	$1,036
111125000	FSTG TORTILLA CHIPS MULTIGRAIN	200.	$335	$240	$100	$0	$341	($150)	($320)	$206
18691000	DUNKAROOS VANILLA 30CT 30OZ ..	174.	$291	$0	$1,142	$0	$1,142	($130)	($856)	$447
17999000	MOTTS ASSORTED FRUIT ANIMALS ..	154.	$257	$44	$0	$0	$44	($115)	($35)	$151
49536000	NV BISCUITS ALMOND BUTTER 10C..	131.	$219	($49)	$0	$0	($49)	($98)	($107)	($35)

Volume Calculation - Practice

What is the volume contribution for base product 110953000 – Tot Pizza Rolls Pepperoni 50ct?

Change in Total Volume **X** Old Average Total Rate (fixed + variable)

Daily downtime 45 minutes at 12 AM, 6 AM, 12 PM, & 6 PM (Central)

Shown in Thousands (M)

North America AOC

Actual vs. Spring Plan - EC

Segment	Region/OU/OME/SCH	BPH/GPH Level	BPH/GPH Detail	Period	Reporting Definition	Forecast Version	OAH Mix Level
NAR SEGMENT	Snacks OME	BPH Level 30	(All)	Annual	Underlying	Base Forecast	OAH30

P&L	Old Amount	Volume	Total Mix	Rate: Leverage	Rate: Other	Total Change	New Amount	% Change vs Old
Equivalent Cases	175,860					(47,832)	128,027	-27.2%
NSBTC	$4,727,917	($1,285,953)	$12,595	$0	$23,340	($1,250,018)	$3,477,900	-26.4%
Trade	$1,267,499	($344,749)	($1,187)	$0	($141,179)	($487,115)	$780,384	-38.4%
Coupon	$8,613	($2,343)	($1,681)	$0	$459	($3,565)	$5,049	-41.4%
RNS	$3,451,805	($938,861)	$15,463	$0	$164,060	($759,338)	$2,692,467	-22.0%
Materials	$1,173,126	($319,080)	$21,430	$3,137	$5,048	($289,465)	$883,661	-24.7%
Manufacturing	$681,124	($185,260)	$867	$100,917	($92,872)	($176,348)	$504,776	-25.9%
Logistics	$294,660	($80,145)	$7,006	$35,910	($58,220)	($95,449)	$199,211	-32.4%
COGS	$2,148,911	($584,485)	$29,304	$139,963	($146,044)	($561,262)	$1,587,649	-26.1%
Gross Margin	$1,302,894	($354,376)	($13,841)	($139,963)	$310,104	($198,076)	$1,104,818	-15.2%
Total Consumer	$189,163	$0	$0	$0	($186,283)	($186,283)	$2,880	-98.5%
Marketing Margin	$1,113,731	($354,376)	($13,841)	($139,963)	$496,387	($11,793)	$1,101,938	-1.1%
Admin and Selling	$235,450	$0	$0	$0	($99,338)	($99,338)	$136,113	-42.2%
Operating Profit	$878,281	($354,376)	($13,841)	($139,963)	$595,725	$87,544	$965,825	10.0%

Hierarchy Detail	BPH/GPH Filter Level	OAH Filter Level
Base Product	BPH60	OAH60
Search BPH/GPH Detail	**BPH/GPH Filter Value**	**OAH Filter Value**
	(All)	SNACKS OME

Logistics - Key Product Drivers

Base Product	BPH/GPH Detail	Volume Change	Volume	Product Mix	New Product Mix	OAH Mix	Total Mix	Rate: Leverage	Rate: Other	$ Change
110953000	TOT PIZZA ROLLS PEPPERONI 50CT	(3,709)								
14733000	GUSHERS STRW/TROPICAL VP 6CT	(1,288)								
48759000	NV CRNCHY GRAN BAR OATS N HN..	(1,073)								
19696000	NV TM CHWY GRAN BARS FRT NT 4..	(1,019)								
2646000	NV CRNCHY GRAN BARS OATS N H..	(992)								
16879000	NV SSN GRAN BAR PEANUT 48CT	(788)								
146086000	TOT PARTY PIZZA COMBINATION	(761)								
14732000	GUSHERS TROPICAL 6CT	(708)								
1599000	CM SVRY SNCK MX TRADITIONAL 8...	(705)								
49455000	F1 BROWNIES CHOC FUDGE BRWNI..	(627)								

Mix Variance

Mix variance quantifies how changes in *product-level* volume impact the P&L. Mix variance occurs because each product has a unique price, cost structure, and profit level, and as each product's proportion within the portfolio changes, so does the P&L.

Importantly, product mix can change dramatically within a portfolio and have a significant P&L impact while total volume remains flat, which is why mix variance **and** volume variance are calculated.

Example:

	Old Volume	New Volume	Δ Volume	Rate	Location
Product 1	3	5	2	$10	France
Product 2	0	4	4	$5	France
Product 1	6	3	-3	$7	Italy

New Product Mix

- Mix due to zero old volume, meaning the product is new compared to the comp scenario
- Product 2 has zero old volume

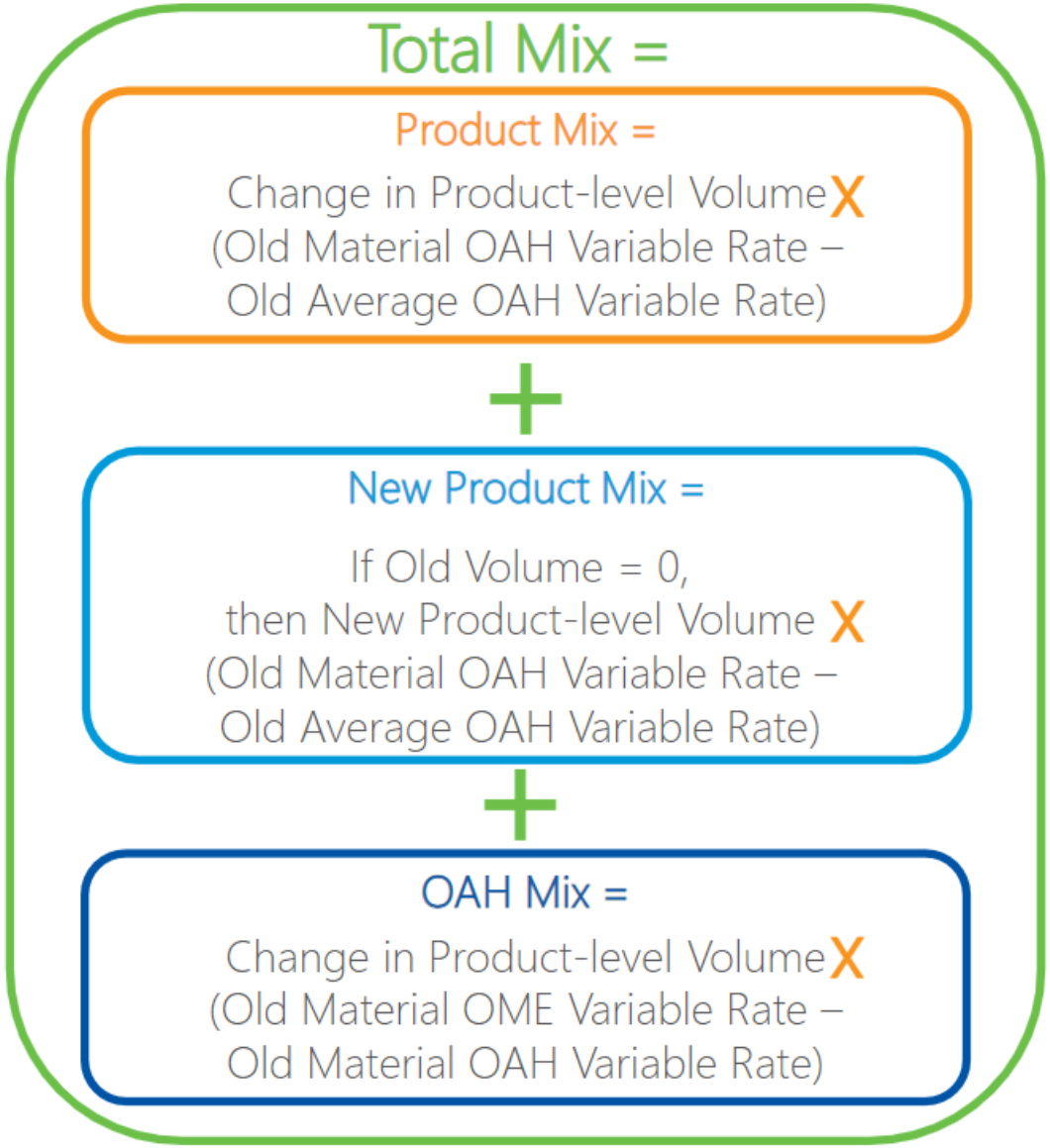
Product Mix

- Mix from changes in product volume/sales using the same OAH rate
- Product 1 in France volume increased by 2 causing a change in product mix

OAH Mix

- Mix due to different rates for the same products across locations, regions, or channels
- Product 1 is sold in France at $10 and Italy at $7

Mix Formulas



The mix variance formulas are designed to calculate the financial impact of product-level volume changes, while holding total volume, leverage, and other rate constant.

Mix Calculation – Product Mix

AOC Dashboard

Daily downtime 45 minutes at 12 AM, 6 AM, 12 PM, & 6 PM (Central)

Shown in Thousands (M)

North America AOC

Actual vs. Spring Plan - EC

Segment	Region/OU/OME/SCH	BPH/GPH Level	BPH/GPH Detail	Period	Reporting Definition	Forecast Version	OAH Mix Level
NAR SEGMENT	Snacks OME	BPH Level 30	(All)	Annual	Underlying	Base Forecast	OAH30

P&L	Old Amount	Volume	Total Mix	Rate: Leverage	Rate: Other	Total Change	New Amount	% Change vs Old
Equivalent Cases	175,860					(48,390)	127,469	-27.5%
NSBTC	$4,727,917	($1,300,959)	$12,443	$0	$23,592	($1,264,924)	$3,462,993	-26.8%
Trade	$1,267,499	($348,772)	($1,206)	$0	($137,136)	($487,115)	$780,384	-38.4%
Coupon	$8,613	($2,370)	($1,700)	$0	$505	($3,565)	$5,049	-41.4%
RNS	$3,451,805	($949,817)	$15,349	$0	$160,223	($774,245)	$2,677,560	-22.4%
Materials	$1,173,126	($322,804)	$21,307	$3,173	$5,047	($293,276)	$879,850	-25.0%
Manufacturing	$681,124	($187,422)	$928	$102,094	($94,054)	($178,454)	$502,670	-26.2%
Logistics	$294,660	($81,080)	$7,011	$36,329	($58,565)	($96,305)	$198,355	-32.7%
COGS	$2,148,911	($591,306)	$29,246	$141,597	($147,572)	($568,036)	$1,580,875	-26.4%
Gross Margin	$1,302,894	($358,511)	($13,897)	($141,597)	$307,795	($206,209)	$1,096,685	-15.8%
Total Consumer	$189,163	$0	$0	$0	($186,283)	($186,283)	$2,880	-98.5%
Marketing Margin	$1,113,731	($358,511)	($13,897)	($141,597)	$494,078	($19,927)	$1,093,805	-1.8%
Admin and Selling	$235,450	$0	$0	$0	($99,359)	($99,359)	$136,091	-42.2%
Operating Profit	$878,281	($358,511)	($13,897)	($141,597)	$593,437	$79,433	$957,713	9.0%

Hierarchy Detail: Base Product

Search BPH/GPH Detail:

BPH/GPH Filter Level: BPH60

OAH Filter Level: OAH60

BPH/GPH Filter Value: (All)

OAH Filter Value: SNACKS OME

Logistics - Key Product Drivers

Base Product	BPH/GPH Detail	Volume Change	Volume	Product Mix	New Product Mix	OAH Mix	Total Mix	Rate: Leverage	Rate: Other	$ Change
146626000	TOT PARTY PIZZA PEPPERONI 4PK	390.	$654	$1,086	$0	$0	$1,086	($293)	$253	$1,701
111846000	TOT PIZZA ROLLS PEPPERONI 130CT	1,920.	$3,218	$625	$0	$0	$625	($1,442)	$337	$2,738
14733000	GUSHERS STRW/TROPICAL VP 6CT	(1,293)	($2,166)	$549	$0	$0	$549	$970	($914)	($1,561)
2646000	NV CRNCHY GRAN BARS OATS N H..	(1,003)	($1,680)	$436	$0	$0	$436	$753	($796)	($1,287)
49455000	F1 BROWNIES CHOC FUDGE BRWNI..	(629)	($1,054)	$330	$0	$0	$330	$472	($587)	($838)
49448000	GARD SNCK MX ORIGINAL RECIPE 4..	218.	$366	$326	$0	$0	$326	($164)	$505	$1,033
14031000	AG GRN FREE GRAN BARS CIN ALM..	(490)	($821)	$316	$0	$0	$316	$368	($604)	($741)
14732000	GUSHERS TROPICAL 6CT	(712)	($1,193)	$302	$0	$0	$302	$535	($820)	($1,176)
13052000	NV PRTN CHWY BARS PB DRK CHC ..	(616)	($1,033)	$293	$0	$0	$293	$463	($1,194)	($1,471)
16455000	DUNKAROOS VANILLA 6CT SUS	(542)	($908)	$284	$0	$0	$284	$407	($164)	($381)

Product Mix =
- Change in Product-level Volume X
- (Old Material OAH Variable Rate –
- Old Average OAH Variable Rate)

Rate Override Form

AOC All Rate Review (USD)

ZRPT_L01_Q005

Mgmt Entity Annual

Focus Year: 2023

Focus Scenario: Actual

Comparison 1: Spring Plan

Comparison 2: Fcst as of January

Comparison 3: Actual

Submit

Attention INTL:

SP rates are not available/valid until SP

Account Flattened		Material		User Rate SP $	Parent Rate SP $	Parent Rate BPH Level SP	Existing Rate SP $ / EC	Quantity SP EC	Amount Var. SP $	User Rate SO $
4040	Logistics	146626000	TOT PARTY PIZZA PEPPERONI 4PK				3.71	739,778	2,747,767	
4040	Logistics	146681000	LB ORIG FNF BAR CHERRY PIE 5CT		0.33	70				
4040	Logistics	146721000	LB MINIS FNF BAR AP/CC 10CT							
4040	Logistics	146755000	LB FNF BAR MINT CHIP BROWNIE 5CT		0.33	70				

Mix Calculation – Product Mix

Income Statement Query

			Structure	FX 2023 [SP] 0012023-0122023			
OAH Op Unit			Account Fixed Variab	F	V	#	Overall Result
500051	SNACKS OU	EQC	EC			175,859,650	175,859,650
		[+] Logistics	$	132,025,525	162,634,879		294,660,404

Snack SP Variable Logistics Rate $ 0.92

Product Mix =
Change in Product-level Volume X
(Old Material OAH Variable Rate –
Old Average OAH Variable Rate)

Product Mix Calc:	
Change in Product-Level Vol	390
SP (Old) Material OAH Variable Rate	$3.71
SP (Old) Avg OAH Variable Rate	$0.92
Product Mix	**$1,086**

Mix Calculation – New Product Mix

AOC Dashboard

Daily downtime 45 minutes at 12 AM, 6 AM, 12 PM, & 6 PM (Central)

Shown in Thousands (M)

North America AOC

Actual vs. Spring Plan - EC

Segment	Region/OU/OME/SCH	BPH/GPH Level	BPH/GPH Detail	Period	Reporting Definition	Forecast Version	OAH Mix Level
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Trade	$1,267,499	($344,749)	($1,187)	$0	($141,179)	($487,115)	$780,384	-38.4%
Coupon	$8,613	($2,343)	($1,681)	$0	$459	($3,565)	$5,049	-41.4%
RNS	$3,451,805	($938,861)	$15,463	$0	$164,060	($759,338)	$2,692,467	-22.0%
Materials	$1,173,126	($319,080)	$21,430	$3,137	$5,048	($289,465)	$883,661	-24.7%
Manufacturing	$681,124	($185,260)	$867	$100,917	($92,872)	($176,348)	$504,776	-25.9%
Logistics	$294,660	($80,145)	$7,006	$35,910	($58,220)	($95,449)	$199,211	-32.4%
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Operating Profit	$878,281	($354,376)	($13,841)	($139,963)	$595,725	$87,544	$965,825	10.0%

Hierarchy Detail: Base Product

Search BPH/GPH Detail:

BPH/GPH Filter Level: BPH60

BPH/GPH Filter Value: (All)

OAH Filter Level: OAH60

OAH Filter Value: SNACKS OME

Logistics - Key Product Drivers

Base Product	BPH/GPH Detail	Volume Change	Volume	Product Mix	New Product...	OAH Mix	Total Mix	Rate: Leverage	Rate: Other	$ Change
18691000	DUNKAROOS VANILLA 30CT 30OZ..	174.	$291	$0	$1,142	$0	$1,142	($130)	($856)	$447
17889000	BC SPACE JAM FRT SNCKS ASRTD F..	12.	$20	$0	$184	$0	$184	($9)	($164)	$31
111125000	FSTG TORTILLA CHIPS MULTIGRAIN	200.	$335	$240	$100	$0	$341	($150)	($320)	$206
113156000	PB SB MINI DOUBLE CHOC CKE 28C..	7.	$11	($48)	$60	$0	$11	($5)	($23)	($6)
18767000	BGLS/CM/GARD VARIETY PACK 40CT	1.	$2	($52)	$57	$0	$5	($1)	($53)	($47)
113064000	EPIC PORK RINDS SEA SALT PEPPE..	21.	$35	$0	$54	$0	$54	($15)	$88	$161
88880001..	FSTG TORTILLA CHIPS FIN MTL	(59)	($98)	$0	$39	$0	$39	$44	($105)	($120)
15605000	GUSHERS STRAWBERRY SPLASH 4..	23.	$38	($5)	$23	$0	$18	($17)	$119	$157
81266000	FSTG TC MULTIGRAIN	34.	$57	$51	$19	$0	$70	($26)	($24)	$77
81264000	FSTG TC SWEET POTATO	37.	$61	$37	$17	$0	$54	($28)	$55	$143

New Product Mix =

If Old Volume = 0,
→ then New Product-level Volume X
→ (Old Material OAH Variable Rate –
→ Old Average OAH Variable Rate)

Rate Override Form

AOC All Rate Review (USD)

ZRPT_L01_Q005

Mgmt Entity Annual — Focus Year: 2023

Focus Scenario: Actual

Comparison 1: Spring Plan

Comparison 2: Fcst as of January

Comparison 3: Actual

Submit

Account Flattened		Material		User Rate SP $	Parent Rate SP $	Parent Rate BPH Level SP	Existing Rate SP $ / EC	Quantity SP EC	Amount Var. SP $	User Rate S08 $
4040	Logistics	18691000	DUNKAROOS VANILLA 30CT 30OZ MGPK	7.50						
4040	Logistics	18693000	BUGLES CARAMEL FS				1.48	60,916	90,289	

Attention INTL:

SP rates are not available/valid until SP

Mix Calculation – New Product Mix

			Structure	FX 2023 [SP] 0012023-0122023			
OAH Op Unit			**Account Fixed Variab**	F	V	#	**Overall Result**
500051	SNACKS OU	EQC	EC			175,859,650	**175,859,650**
		[+] Logistics	$	132,025,525	162,634,879		**294,660,404**

Snack SP Variable Logistics Rate $ 0.92

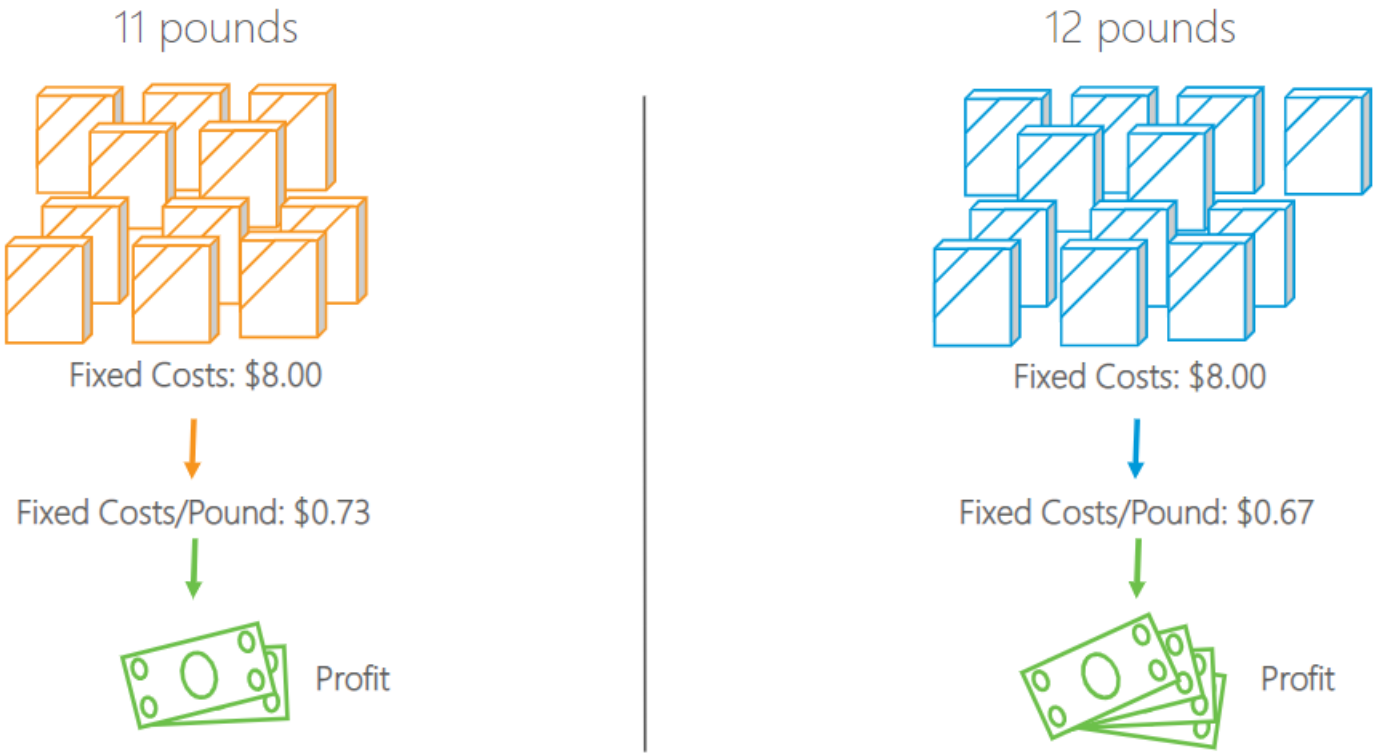
New Product Mix =

If Old Volume = 0,
→ then New Product-level Volume X
→ (Old Material OAH Variable Rate –
→ Old Average OAH Variable Rate)

Product Mix Calc:	
Change in Product-Level Vol	174
SP (Old) Material OAH Variable Rate	$7.50
SP (Old) Avg OAH Variable Rate	$0.92
Product Mix	**$1,142**

Leverage Variance

Leverage variance is the quantification of the financial benefits or detriments from fixed cost leverage in a volume-change scenario.



It's important to understand too that each line of the P&L, each business, and each product have different levels of leverage. So, volume changes drive different leverage variance results depending on the portfolio and P&L line under review.

Leverage Formulas

Interestingly, the leverage variance formula is very similar to the volume variance formula.

Volume Variance

Change in Total Volume X Old Average Total Rate (fixed + variable)

Leverage Variance

Change in Total Volume X – (Old Average Fixed Rate)

By including old average fixed rate in the volume variance formula, it assumes fixed costs go up or down in line with volume changes, eliminating any benefits or detriments from leverage.

Then, the leverage variance formula backs out the fixed-cost component (notice the negative sign in the equation), which allows leverage variance to be cleanly quantified and not double counted.

Leverage Calculation

Daily downtime 45 minutes at 12 AM, 6 AM, 12 PM, & 6 PM (Central)

Shown in Thousands (M)

North America AOC

Actual vs. Spring Plan - EC

Segment	Region/OU/OME/SCH	BPH/GPH Level	BPH/GPH Detail	Period	Reporting Definition	Forecast Version	OAH Mix Level
NAR SEGMENT	Snacks OME	BPH Level 30	(All)	Annual	Underlying	Base Forecast	OAH30

P&L	Old Amount	Volume	Total Mix	Rate: Leverage	Rate: Other	Total Change	New Amount	% Change vs Old
Equivalent Cases	175,860					(47,832)	128,027	-27.2%
NSBTC	$4,727,917	($1,285,953)	$12,595	$0	$23,340	($1,250,018)	$3,477,900	-26.4%
Trade	$1,267,499	($344,749)	($1,187)	$0	($141,179)	($487,115)	$780,384	-38.4%
Coupon	$8,613	($2,343)	($1,681)	$0	$459	($3,565)	$5,049	-41.4%
RNS	$3,451,805	($938,861)	$15,463	$0	$164,060	($759,338)	$2,692,467	-22.0%
Materials	$1,173,126	($319,080)	$21,430	$3,137	$5,048	($289,465)	$883,661	-24.7%
Manufacturing	$681,124	($185,260)	$867	$100,917	($92,872)	($176,348)	$504,776	-25.9%
Logistics	$294,660	($80,145)	$7,006	$35,910	($58,220)	($95,449)	$199,211	-32.4%
COGS	$2,148,911	($584,485)	$29,304	$139,963	($146,044)	($561,262)	$1,587,649	-26.1%
Gross Margin	$1,302,894	($354,376)	($13,841)	($139,963)	$310,104	($198,076)	$1,104,818	-15.2%
Total Consumer	$189,163	$0	$0	$0	($186,283)	($186,283)	$2,880	-98.5%
Marketing Margin	$1,113,731	($354,376)	($13,841)	($139,963)	$496,387	($11,793)	$1,101,938	-1.1%
Admin and Selling	$235,450	$0	$0	$0	($99,338)	($99,338)	$136,113	-42.2%
Operating Profit	$878,281	($354,376)	($13,841)	($139,963)	$595,725	$87,544	$965,825	10.0%

Hierarchy Detail: Base Product

Search BPH/GPH Detail:

BPH/GPH Filter Level: BPH60

BPH/GPH Filter Value: (All)

OAH Filter Level: OAH60

OAH Filter Value: SNACKS OME

Logistics - Key Product Drivers

Base Product	BPH/GPH Detail	Volume Change	Volume	Product Mix	New Product ..	OAH Mix	Total Mix	Rate: Leverage	Rate: Other	$ Change
18691000	DUNKAROOS VANILLA 30CT 300Z	174.	$291	$0	$1,142	$0	$1,142	($130)	($856)	$447
17889000	BC SPACE JAM FRT SNCKS ASRTD F..	12.	$20	$0	$184	$0	$184	($9)	($164)	$31
111125000	FSTG TORTILLA CHIPS MULTIGRAIN	200.	$335	$240	$100	$0	$341	($150)	($320)	$206
113156000	PB SB MINI DOUBLE CHOC CKE 28C..	7.	$11	($48)	$60	$0	$11	($5)	($23)	($6)
18767000	BGLS/CM/GARD VARIETY PACK 40CT	1.	$2	($52)	$57	$0	$5	($1)	($53)	($47)
113064000	EPIC PORK RINDS SEA SALT PEPPE..	21.	$35	$0	$54	$0	$54	($15)	$88	$161
88880001..	FSTG TORTILLA CHIPS FIN MTL	(59)	($98)	$0	$39	$0	$39	$44	($105)	($120)
15605000	GUSHERS STRAWBERRY SPLASH 4..	23.	$38	($5)	$23	$0	$18	($17)	$119	$157
81266000	FSTG TC MULTIGRAIN	34.	$57	$51	$19	$0	$70	($26)	($24)	$77
81264000	FSTG TC SWEET POTATO	37.	$61	$37	$17	$0	$54	($28)	$55	$143

Leverage Variance

Change in Total Volume **X** – (Old Average Fixed Rate)

Then, the leverage variance formula backs out the fixed-cost component (notice the negative sign in the equation), which allows leverage variance to be cleanly quantified and not double counted.

			Structure	FX 2023 [SP] 0012023-0122023			
OAH Op Unit			Account Fixed Variab	F	V	#	Overall Result
500051	SNACKS OU	EQC	EC			175,859,650	175,859,650
		[+] Logistics	$	132,025,525	162,634,879		294,660,404

Snacks SP Fixed Logistics Rate $ 0.75

Other Rate Variance

Other rate applies to every dollar or euro or yuan of revenue and expense because under every expense and sales line are ***prices*** of goods and services.

Furthermore, other rate captures the most diverse set of variance drivers within the AOC. Variance drivers within all the other AOC categories are straightforward. But other rate drivers are different for every line of the P&L and require the most effort to truly understand.

Cost Savings/HMM

More Overtime

Ingredients Inflation

Wage Increases

Capital Investments via Depreciation

Strategic Revenue Management

Other Rate Formula

Despite Other Rate's broad and complex makeup, the calculation is very simple. Each of the previous 3 variance categories captured everything except non-leverage rate changes. So, "other rate's" variance formula can be approached by backing out the variances for the other three categories from the total variance.

Other Rate Calculation

Total Variance − Volume Variance − Total Mix Variance − Leverage Variance

Daily downtime 45 minutes at 12 AM, 6 AM, 12 PM, & 6 PM (Central)

Shown in Thousands (M)

North America AOC

Actual vs. Spring Plan - EC

Segment	Region/OU/OME/SCH	BPH/GPH Level	BPH/GPH Detail	Period	Reporting Definition	Forecast Version	OAH Mix Level
NAR SEGMENT	Snacks OME	BPH Level 30	(All)	Annual	Underlying	Base Forecast	OAH30

P&L	Old Amount	Volume	Total Mix	Rate: Leverage	Rate: Other	Total Change	New Amount	% Change vs Old
Equivalent Cases	175,860					(47,832)	128,027	-27.2%
NSBTC	$4,727,917	($1,285,953)	$12,595	$0	$23,340	($1,250,018)	$3,477,900	-26.4%
Trade	$1,267,499	($344,749)	($1,187)	$0	($141,179)	($487,115)	$780,384	-38.4%
Coupon	$8,613	($2,343)	($1,681)	$0	$459	($3,565)	$5,049	-41.4%
RNS	$3,451,805	($938,861)	$15,463	$0	$164,060	($759,338)	$2,692,467	-22.0%
Materials	$1,173,126	($319,080)	$21,430	$3,137	$5,048	($289,465)	$883,661	-24.7%
Manufacturing	$681,124	($185,260)	$867	$100,917	($92,872)	($176,348)	$504,776	-25.9%
Logistics	$294,660	($80,145)	$7,006	$35,910	($58,220)	($95,449)	$199,211	-32.4%
COGS	$2,148,911	($584,485)	$29,304	$139,963	($146,044)	($561,262)	$1,587,649	-26.1%
Gross Margin	$1,302,894	($354,376)	($13,841)	($139,963)	$310,104	($198,076)	$1,104,818	-15.2%
Total Consumer	$189,163	$0	$0	$0	($186,283)	($186,283)	$2,880	-98.5%
Marketing Margin	$1,113,731	($354,376)	($13,841)	($139,963)	$496,387	($11,793)	$1,101,938	-1.1%
Admin and Selling	$235,450	$0	$0	$0	($99,338)	($99,338)	$136,113	-42.2%
Operating Profit	$878,281	($354,376)	($13,841)	($139,963)	$595,725	$87,544	$965,825	10.0%

Hierarchy Detail	BPH/GPH Filter Level	OAH Filter Level
Base Product	BPH60	OAH60
Search BPH/GPH Detail	**BPH/GPH Filter Value**	**OAH Filter Value**
	(All)	SNACKS OME

Logistics - Key Product Drivers

Base Product	BPH/GPH Detail	Volume Change	Volume	Product Mix	New Product ..	OAH Mix	Total Mix	Rate: Leverage	Rate: Other	$ Change
18691000	DUNKAROOS VANILLA 30CT 30OZ ..	174.	$291	$0	$1,142	$0	$1,142	($130)	($856)	$447
17889000	BC SPACE JAM FRT SNCKS ASRTD F..	12.	$20	$0	$184	$0	$184	($9)	($164)	$31
111125000	FSTG TORTILLA CHIPS MULTIGRAIN	200.	$335	$240	$100	$0	$341	($150)	($320)	$206
113156000	PB SB MINI DOUBLE CHOC CKE 28C..	7.	$11	($48)	$60	$0	$11	($5)	($23)	($6)
18767000	BGLS/CM/GARD VARIETY PACK 40CT	1.	$2	($52)	$57	$0	$5	($1)	($53)	($47)
113064000	EPIC PORK RINDS SEA SALT PEPPE..	21.	$35	$0	$54	$0	$54	($15)	$88	$161
88880001..	FSTG TORTILLA CHIPS FIN MTL	(59)	($98)	$0	$39	$0	$39	$44	($105)	($120)
15605000	GUSHERS STRAWBERRY SPLASH 4..	23.	$38	($5)	$23	$0	$18	($17)	$119	$157
81266000	FSTG TC MULTIGRAIN	34.	$57	$51	$19	$0	$70	($26)	($24)	$77
81264000	FSTG TC SWEET POTATO	37.	$61	$37	$17	$0	$54	($28)	$55	$143

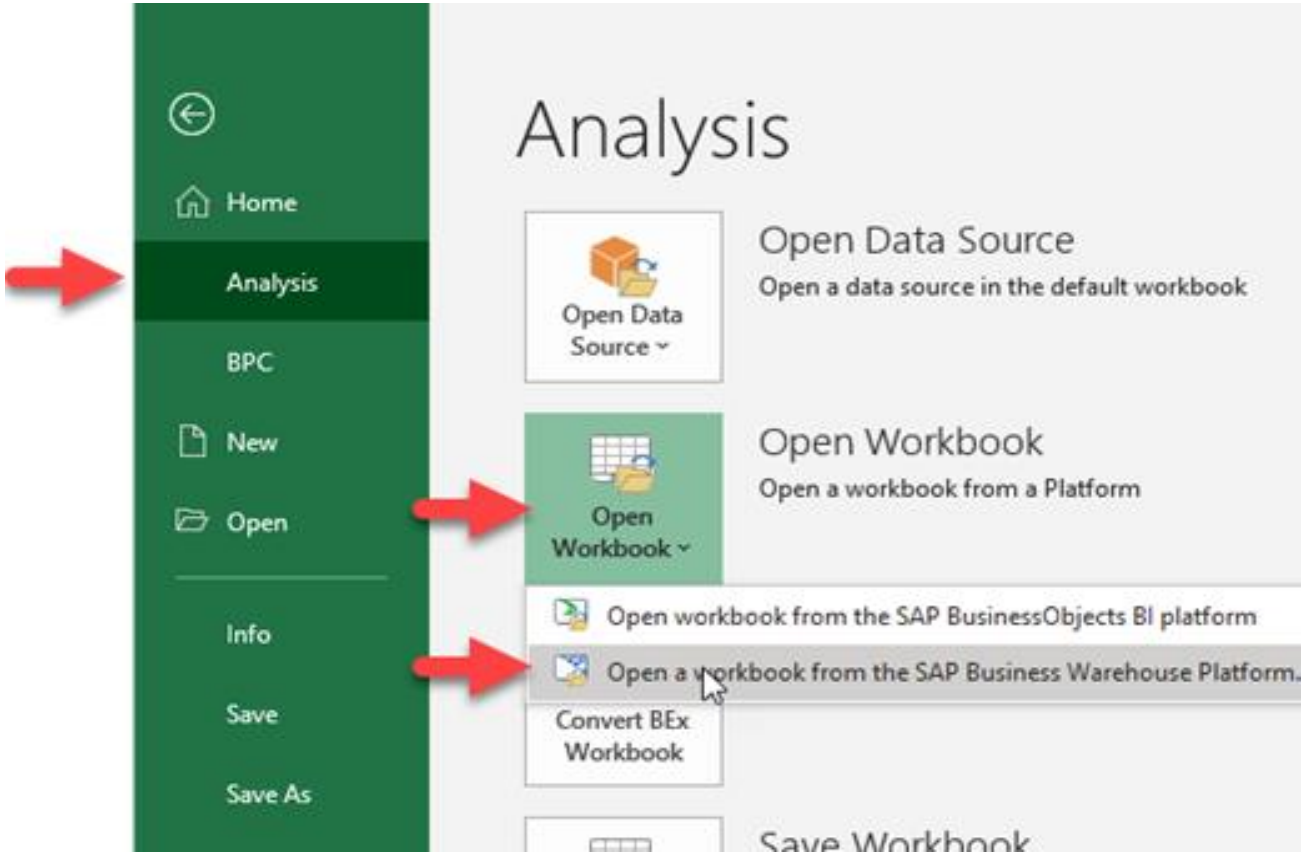
Total Variance	Volume	Total Mix	Leverage	Other Rate
($95,449)	($80,145)	$7,006	$35,910	$58,220

Missing Rate Override Form

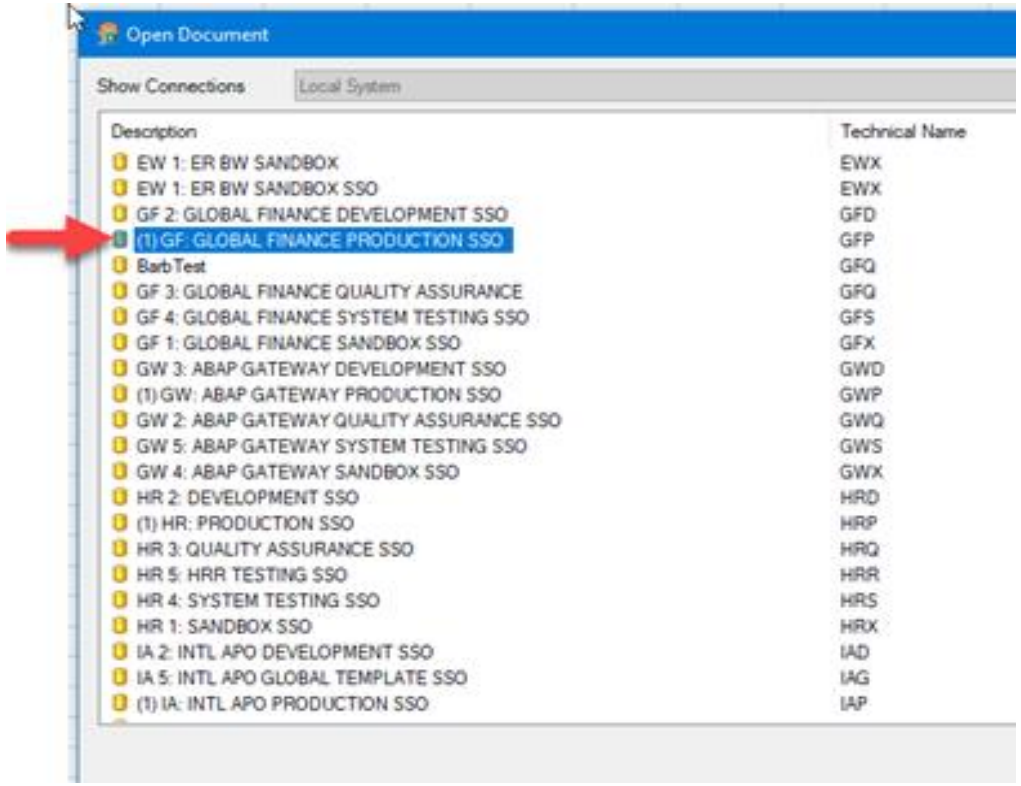
- **What is it?**
  - Excel input form that allows users to enter product rates that will feed into the AOC calculations in the dashboard
  - Allows users to identify and correct mix rates that materially impact the AOC
- **When do missing rates occur?**
  - They occur when there is a change in material volume, but the "Old/Comp scenario" does not have a $ value to calculate mix contribution
  - If there is neither a system rate nor parent average in old scenario. It is required for users to enter rates (if volume is material)
- **When should a user override a rate?**
  - If Parent rate doesn't represent a reasonable substitution for the product OR rate is skewed because of an unusual circumstance, then rate overrides should occur

Accessing the Rate Override Form

1 In Excel > File > Analysis > Open Workbook > Open a workbook from the SAP Business Warehouse Platform



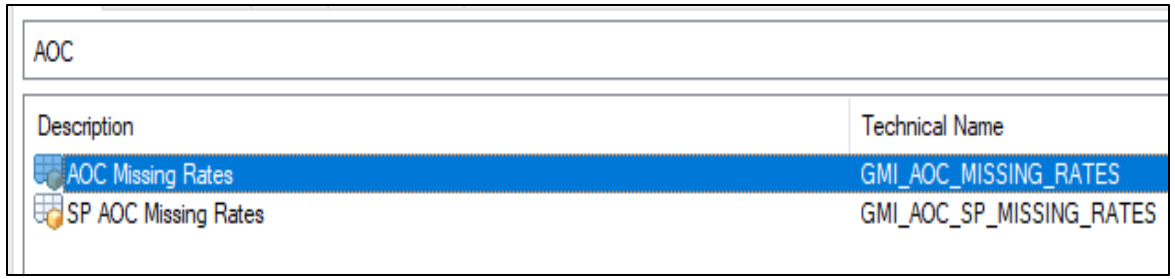
2 Select GFP - (1) GF: Global Finance Production SSO > Next



Accessing the Rate Override Form

3 Select AOC Missing Rates > Ok

4 Fill in appropriate information on the Prompt Screen > OK
See **new AOC Selection info** on slide 3



Accounts for AOC Mix Rates

NSBTC 4000

Trade 4010

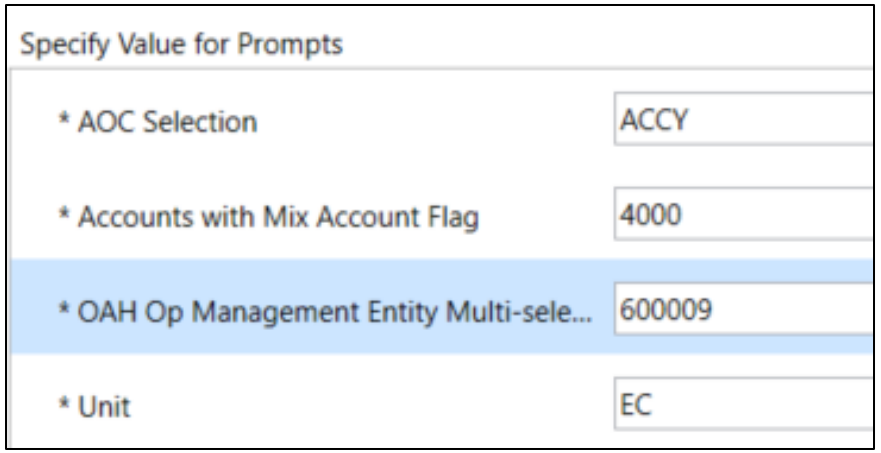
Coupon 4020

Materials & Manufacturing 4030 (Intl only)

Materials 5020 (NA only)

Manufacturing 5030 (NA only)

Logistics 4040



Rate Override Example

AOC Dashboard

Daily downtime 45 minutes at 12 AM, 6 AM, 12 PM, & 6 PM (Central)

Shown in Thousands (M)

North America AOC

Actual vs. Spring Plan - EC

Segment	Region/OU/OME/SCH	BPH/GPH Level	BPH/GPH Detail	Period	Reporting Definition	Forecast Version	OAH Mix Level
NAR SEGMENT	Snacks OME	BPH Level 30	(All)	Annual	Underlying	Base Forecast	OAH30

P&L	Old Amount	Volume	Total Mix	Rate: Leverage	Rate: Other	Total Change	New Amount	% Change vs Old
Equivalent Cases	175,860					(48,390)	127,469	-27.5%
NSBTC	$4,727,917	($1,300,959)	$12,443	$0	$23,592	($1,264,924)	$3,462,993	-26.8%
Trade	$1,267,499	($348,772)	($1,206)	$0	($137,136)	($487,115)	$780,384	-38.4%
Coupon	$8,613	($2,370)	($1,700)	$0	$505	($3,565)	$5,049	-41.4%
RNS	$3,451,805	($949,817)	$15,349	$0	$160,223	($774,245)	$2,677,560	-22.4%
Materials	$1,173,126	($322,804)	$21,307	$3,173	$5,047	($293,276)	$879,850	-25.0%
Manufacturing	$681,124	($187,422)	$928	$102,094	($94,054)	($178,454)	$502,670	-26.2%
Logistics	$294,660	($81,080)	$7,011	$36,329	($58,565)	($96,305)	$198,355	-32.7%
COGS	$2,148,911	($591,306)	$29,246	$141,597	($147,572)	($568,036)	$1,580,875	-26.4%
Gross Margin	$1,302,894	($358,511)	($13,897)	($141,597)	$307,795	($206,209)	$1,096,685	-15.8%
Total Consumer	$189,163	$0	$0	$0	($186,283)	($186,283)	$2,880	-98.5%
Marketing Margin	$1,113,731	($358,511)	($13,897)	($141,597)	$494,078	($19,927)	$1,093,805	-1.8%
Admin and Selling	$235,450	$0	$0	$0	($99,359)	($99,359)	$136,091	-42.2%
Operating Profit	$878,281	($358,511)	($13,897)	($141,597)	$593,437	$79,433	$957,713	9.0%

Hierarchy Detail	BPH/GPH Filter Level	OAH Filter Level
Base Product	BPH60	OAH60
Search BPH/GPH Detail	**BPH/GPH Filter Value**	**OAH Filter Value**
	(All)	SNACKS OME

Logistics - Key Product Drivers

Base Product	BPH/GPH Detail	Volume Change	Volume	Product Mix	New Product Mix	OAH Mix	Total Mix	Rate: Leverage	Rate: Other	$ Change
146626000	TOT PARTY PIZZA PEPPERONI 4PK	390.	$654	$1,086	$0	$0	$1,086	($293)	$253	$1,701
111846000	TOT PIZZA ROLLS PEPPERONI 130CT	1,920.	$3,218	$625	$0	$0	$625	($1,442)	$337	$2,738
14733000	GUSHERS STRW/TROPICAL VP 6CT	(1,293)	($2,166)	$549	$0	$0	$549	$970	($914)	($1,561)
2646000	NV CRNCHY GRAN BARS OATS N H..	(1,003)	($1,680)	$436	$0	$0	$436	$753	($796)	($1,287)
49455000	F1 BROWNIES CHOC FUDGE BRWNI..	(629)	($1,054)	$330	$0	$0	$330	$472	($587)	($838)
49448000	GARD SNCK MX ORIGINAL RECIPE 4..	218.	$366	$326	$0	$0	$326	($164)	$505	$1,033
14031000	AG GRN FREE GRAN BARS CIN ALM..	(490)	($821)	$316	$0	$0	$316	$368	($604)	($741)
14732000	GUSHERS TROPICAL 6CT	(712)	($1,193)	$302	$0	$0	$302	$535	($820)	($1,176)
13052000	NV PRTN CHWY BARS PB DRK CHC ..	(616)	($1,033)	$293	$0	$0	$293	$463	($1,194)	($1,471)
16455000	DUNKAROOS VANILLA 6CT SUS	(542)	($908)	$284	$0	$0	$284	$407	($164)	($381)

Product Mix =
- Change in Product-level Volume X
- (Old Material OAH Variable Rate –
- Old Average OAH Variable Rate)

Rate Override Form

AOC All Rate Review (USD)

ZRPT_L01_Q005

Mgmt Entity Annual

Focus Year: 2023

Focus Scenario: Actual

Comparison 1: Spring Plan

Comparison 2: Fcst as of January

Comparison 3: Actual

Submit

Attention INTL:

SP rates are not available/valid until SP

Account Flattened		Material		User Rate SP $	Parent Rate SP $	Parent Rate BPH Level SP	Existing Rate SP $ / EC	Quantity SP EC	Amount Var. SP $	User Rate SO $
4040	Logistics	146626000	TOT PARTY PIZZA PEPPERONI 4PK				3.71	739,778	2,747,767	
4040	Logistics	146681000	LB ORIG FNF BAR CHERRY PIE 5CT		0.33	70				
4040	Logistics	146721000	LB MINIS FNF BAR AP/CC 10CT							
4040	Logistics	146755000	LB FNF BAR MINT CHIP BROWNIE 5CT		0.33	70				

Rate Override Example

Income Statement Query

			Structure	FX 2023 [SP] 0012023-0122023			
OAH Op Unit			Account Fixed Variab	F	V	#	Overall Result
500051	SNACKS OU	EQC	EC			175,859,650	175,859,650
		[+] Logistics	$	132,025,525	162,634,879		294,660,404

Snack SP Variable Logistics Rate $ 0.92

Product Mix =
Change in Product-level Volume X
(Old Material OAH Variable Rate –
Old Average OAH Variable Rate)

Product Mix Calc:	
Change in Product-Level Vol	390
SP (Old) Material OAH Variable Rate	$3.71
SP (Old) Avg OAH Variable Rate	$0.92
Product Mix	**$1,086**

Rate Override Example

- If we think the material rate is incorrect, we can override it and then it'll feed into the AOC calc
- Let's say the correct rate is $2.00..

AOC All Rate Review (USD)
ZRPT_L01_Q005
Mgmt Entity Annual Focus Year: 2023
Focus Scenario: Actual
Comparison 1: Spring Plan
Comparison 2: Fcst as of January
Comparison 3: Actual

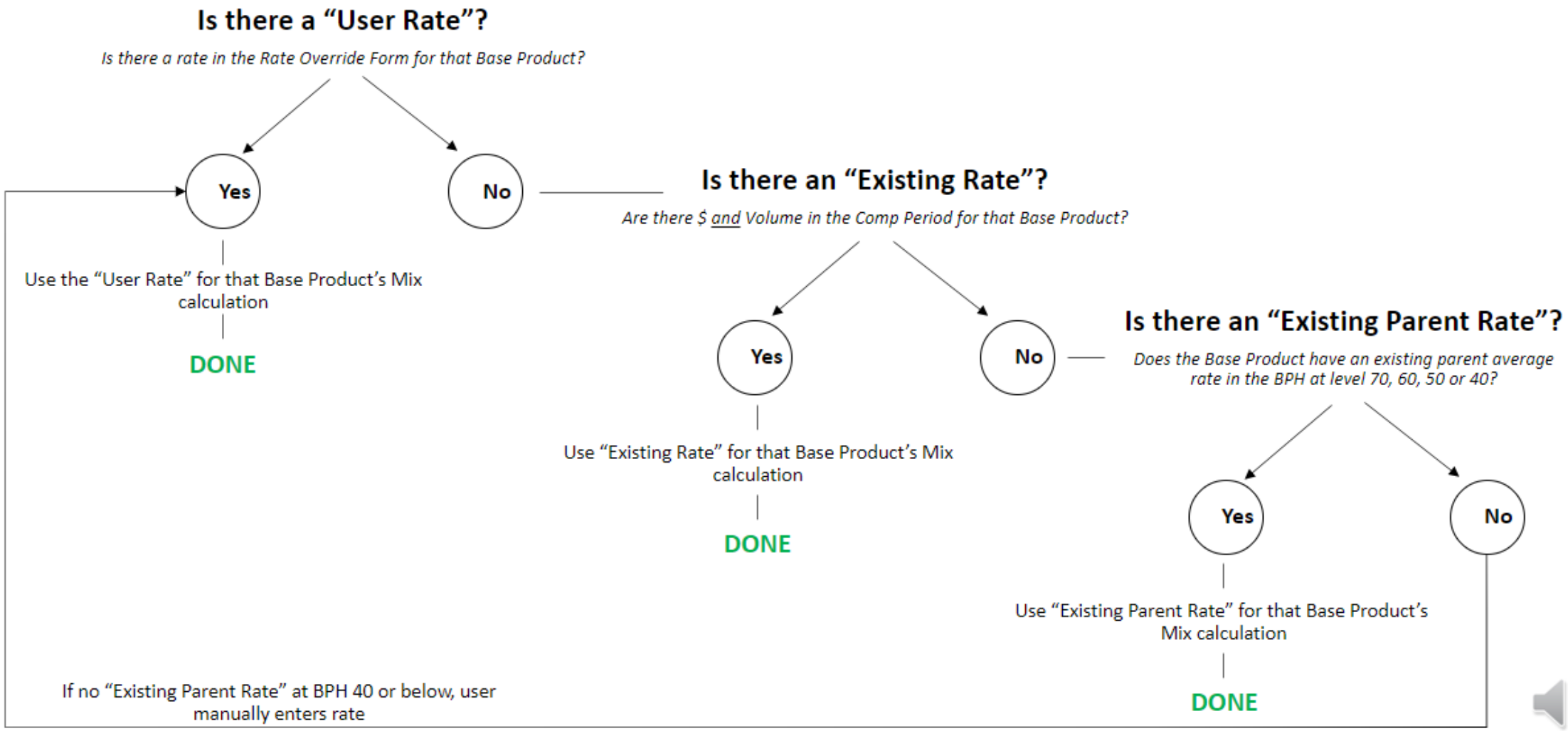
Submit

Attention INTL:
SP rates are not available/valid until SP

Account Flattened		Material		User Rate SP $	Parent Rate SP $	Parent Rate BPH Level SP	Existing Rate SP $ / EC	Quantity SP EC	Amount Var. SP $	User Rate S08 $	P
4040	Logistics	146626000	TOT PARTY PIZZA PEPPERONI 4PK	2.00			3.71	739,778	2,747,767		
4040	Logistics	146681000	LB ORIG FNF BAR CHERRY PIE 5CT		0.33	70					
4040	Logistics	146721000	LB MINIS FNF BAR AP/CC 10CT								
4040	Logistics	146755000	LB FNF BAR MINT CHIP BROWNIE 5CT		0.33	70					

Product Mix Calc:	
Change in Product-Level Vol	390
SP (Old) Material OAH Variable Rate	$2.00
SP (Old) Avg OAH Variable Rate	$0.92
Product Mix	**$421**

Decision Tree Logic



Poll

Have you used the AOC DASHB query?

AOC DASHB Query

- It is the excel version of the AOC dashboard
- You can access the query through AFO
- Let's you see all three comparison scenarios side by side (SP, Estimate, Last Year)
- Good for deeper analysis of AOC
- **Watchout: The AFO query updates every 2 hours and Tableau updates every 6 hours. Depending on timing, you might see discrepancies in the tools.**

Links To Trainings

- All training material and link to dashboards can be found on go/financedash
- AOC Concepts Training
- AOC Missing Rates Training
- AOC DASHB Training

Survey

https://forms.office.com/Pages/ResponsePage.aspx?id=6MwzDDylpUu2FTSm4rj_OFtMqG28KiJHvUrl4hMbn3xUNUpVQjRJMVU1TTZMTDhOV0lDUVRKNFBNMi4u