IBM

Wander

Overview

■ *Challenges:*

Wander's objective was to obtain a profitability calculation for each individual customer and improve the accuracy of its sales planning. It also aimed to improve the planning of brand contributions, introduce a common planning and monitoring tool for brand and market investments, integrate the key account manager into the planning process, and provide an overview of the planning workflow.

■ *Solution:*

• *IBM Cognos Planning*

■ *Bene fits:*

• *Better data and planning quality*

• *Elimination of decentralized planning islands*

Wander AG employs around 300 people in Switzerland to produce and market the following high-quality foodstuffs: breakfast drinks, tea, coffee, snacks, muesli, spreads, desserts, vitamin and mineral supplements, and sports and weight control products. Its best known brands include Ovomaltine, Caotina, Twinings, Dawa, Jemalt, Isostar, and Segafredo. After expanding its production and packaging plants in September 2002, the Neuenegg site became the European production center for Ovomaltine. The site produces around 18,000 tonnes of finished products every year, around 40 percent of which are sold in Switzerland, with the remaining 60 percent destined for export markets. The company's annual turnover is around 150 million Swiss francs. Wander AG is a subsidiary of Associated British Foods (ABF), one of Europe's biggest international food companies with annual sales of £6.8 billion. With 85,000 employees around the world, ABF operates a wide range of successful brands, including Twinings and Ryvita. ABF operates in the UK, as well as Europe, Oceania, China, and the USA.

Cognos software

In 2005, TwiningsOvo, an ABF company, decided to use software from IBM Cognos to support sales planning throughout the group. At the time, three planning islands existed at the group company Wander AG: cost-center planning in the ERP system, decentralized Excel planning of brand and market investments, and sales planning in huge Excel tables loaded in the data warehouse. The IBM Cognos Planning solution has made the decentralized planning islands a thing of the past, improved data and planning quality, and providing an overview of the planning process.

Challenges faced

At Wander, the complicated and time-consuming process of cost-center planning was managed in the ERP system. The second data island, planning of brand and market investments, was handled by each manager in a separate Excel table–with no consolidation. Larger Excel tables were used for the third island, sales planning, resulting in a lack of clarity, errors, consolidation problems, and confusion in relation to different versions of the plan. Only this third type of data was transferred to the data warehouse, which simply contained sales figures.

The company's objective was to obtain a profitability calculation for each individual customer and to improve the accuracy of its sales planning. Wander AG also aimed to improve the planning of brand contributions, introduce a common planning and monitoring tool for brand and market investments, integrate the key account manager into the planning process, and provide an overview of the planning workflow.

The aim was to improve control and the accuracy of planning within the group. After making its decision, Wander AG quickly realised that there were significant differences between group companies.

"Although we appreciated the fact that there would be difficulties due to major differences between the individual group companies in our very complex operations, with direct marketing, indirect marketing through various channels, third-party deliveries, and national and international activities, we wanted to implement a standard system for sales planning if possible," explains Stefan Stucki, Controller at Wander AG.

"Our biggest success is the improved data and planning quality. We can now rely on a professional planning system that provides us with an overview of the status of our individual brands, products, distribution channels, and customers. There's no doubt about it, we have achieved the aim of eliminating our planning islands."

Stefan Stucki
Controller
Wander AG

Strategy followed

A jointly prepared paper was sent to IBM Cognos, SAS, Hyperion, and Applix, inviting them to submit a bid. After presentations by the bidders and an examination of their professionalism and training options, a shortlist was drawn up comprising IBM Cognos and Hyperion. The company decided in favour of IBM Cognos.

The planning project was implemented with the help of the IBM Cognos Swiss partner, ENTECH Enterprise Technology AG, in coordination with Wander's group project management in the UK.

During intensive workshops, brand and key account management specialists worked with two teams to develop and agree on the models. A data analysis was carried out to identify and eliminate any shortcomings. Due to restricted authorizations, in particular in the data warehouse environment, preparatory work for planning and controlling was very complex and placed a great burden on IT.

Benefits realized

The IBM Cognos Planning solution covered all areas of the company's planning, top-down and bottom-up planning of sales data, as well as cost-center planning, and is now available to around 54 employees. The data generated in the QAD MFG/PRO ERP system is managed in a SQL Server data warehouse, from which extracts are created for planning. Both the ERP system and the data warehouse are located and maintained in the UK and accessed remotely from Switzerland.

"We have achieved our objectives of more efficient and accurate sales planning, including brand contribution and calculation of customer profitability," says Stefan Stucki. "Key Account Managers are now integrated in the planning process and we have an overview of the entire planning workflow. This implementation has strengthened our top-down and bottom-up planning processes and improved phase planning quality, based on 13 four-week phases rather than 12 months."

Another benefit experienced at Wander is a significant improvement in quality, with faster and more transparent planning flows. Stefan Stucki adds, "With access to the telephone hotline for technical planning questions, employees now need very little training and support from Controlling. We have a common view of customers and brands in planning and reporting, and can compare the target and actual situations."

The experience acquired during the implementation phase has resulted in a list of new measures to be implemented, such as planning the following year's budget together with the current year's budget forecast, and streamlining views by hiding some unused features. The next areas scheduled to be included in the IBM Cognos solution at Wander are HR and CAPEX. The company is also interested in a solution to calculate and simulate standard rates.

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