IBM

Lawson Products enables business transformation with IBM Rational Portfolio Manager.

Overview

■ **The Challenge**
For sustained growth, Lawson Products recognized the need to transform its business. To drive this transformation, the company and its IT team needed to better under-stand how IT resources were being used and better align business priorities with IT initiatives.

■ **The Solution**
The company began a phased implementation of IBM Rational Portfolio Manager to enable time accountability as well as budget and project alignment.

■ **The Benefit**
For the first time, Lawson Products has a clear understanding of how IT time is allocated among different projects and activities. Streamlined budget processes have saved 100 hours of director-level time yearly. Better alignment of business and IT resulted in the savings of an additional 400 hours of IT time.

Lawson Products, Inc. sells and distributes systems, services and products in a broad range of industrial markets. Specializing in fastening systems, cutting tools, chemicals and abrasives, hy-draulics, and automotive products, Lawson offers products, together with engineering consultation and inventory control solutions, to meet the maintenance and re-pair requirements of its growing international customer base.

To enable continued growth, Lawson began a business transformation that focused on the relationship between the company's business units and its IT team. In the past, IT lacked auto-mated tools for time accounting and project management. As a result, the group was unable to track or report how IT time was spent. IT needed a way to value its efforts on behalf of the business and establish itself as a business-driven organization.

"We didn't have a good idea where we were spending our time," recalls Karen Larson, senior director, IT

applications for Lawson Products. "When some of our business unit managers claimed that IT never did any work for them, we had no ability to respond with detailed information on the number of hours we worked on their projects. We also could not say how much time we had spent on new projects versus sustaining activities."

She adds, "Without any insight into what we were doing, the business found it difficult to budget for IT. We needed to change the 'you-never-do-anything-for-me' mentality. We needed to change the culture and the perception of IT, and we knew the only way to do that was with metrics—starting with understanding exactly what we were doing hour by hour. You cannot manage what you don't measure. And you cannot change what you don't manage."

Selecting IBM Rational Portfolio Manager
Lawson IT considered several options for addressing their needs. Developing their own system in-house was deemed too costly and

Microsoft® Project lacked time accounting and other functions Lawson needed.

"When we started to look into timekeeping, we saw many other adjunct areas that we wanted to address, including resource management, work management, scope management, and profitability on investments. An application that only did timekeeping or project management was not going to let us grow and take the business where it needed to go," says Larson.

Lawson viewed the broad range of capabilities offered by IBM® Rational® Portfolio Manager, and the ability to apply them as needed, as key advantages. Larson notes, "Rational Portfolio Manager offered us a huge breadth of opportunities. Just as importantly, we can configure it to use only what we are ready to use. We were able to scale it down to a workable subset, put it into production, and get value out of it right away. For us, it was like several tools bundled into one and we could unbundle it as needed, without having to deploy everything all at once."

The first wave

Larson and her colleagues developed a plan to roll out Rational Portfolio Manager in waves, addressing their most pressing requirements first, and employing additional capabilities in subsequent phases.

A team comprised of six resource managers from IT worked together with Larson to determine exactly how the department—including 40 developers and an operations staff of 35—would track time. Each resource manager had previously used their own methods for keeping track of time; some did it manually and others used spreadsheets. With guidance from an IBM Rational consultant, the team reached a consensus on a single, consistent approach and configured Rational Portfolio Manager to implement it. The consultant also trained the resource managers to use Rational Portfolio Manager. They, in turn, conducted training for their teams.

During those training sessions, the resource managers stressed to their staff that the new system was put in place to provide the business with an understanding of IT activity as a whole, not to monitor their work on an individual basis. "We assured them that we were not going to be looking over their shoulder, playing big brother. We told them we wanted them to be accurate, because we needed the information to show the business what we were doing for them," notes Larson. "That helped our staff accept the tool easily, and we had almost 100 percent compliance from our developers right away."

Their jaws dropped

About six months after the initial rollout of Rational Portfolio Manager, Larson used Rational Portfolio Manager to prepare for the company's quarterly business review and forecast for the upcoming year. "I pulled six months of activity from our development staff, focusing on work they had done for the finance group," says Larson. "I used Rational Portfolio Manager to create a report detailing 20 different subcategories of work—for payroll, accounts receivable, accounts payable, general ledger—and the hours worked in each of them. It totaled hundreds of hours. The CEO, CIO, CFO and the business unit managers were all there, and collectively their jaws dropped. They were astounded. They had never seen a complete assessment of what IT had done. For example, we showed that 70 percent of what we do is maintenance and 30 percent was new project work. That statistic came from Rational Portfolio Manager, and it was the first time in the history of the company that we knew what that figure was."

She continues, "In addition, finance was one of our tougher customers within the company. When it turned

out we had done the most work for them, it was a real eye-opener for that business unit manager. He realized that he did not have a grasp of what was being asked of IT by his own staff, and how it was being prioritized. Everyone could see clearly where we spent time, how that time was split between new projects and maintenance, and the relative cost of IT requests. It was a huge success for us."

Sarbanes-Oxley compliance

By enabling Lawson to accurately track work done on financial applications, including who requests changes and which developers perform the work, Rational Portfolio Manager is helping to ensure compliance with Sarbanes-Oxley and to pass regulatory audits.

Initially, the Lawson team created an IBM Lotus® Notes® database to track com-pliance information, but they now depend on the built-in capabilities of Rational Portfolio Manager. "From our perspective, Sarbanes-Oxley meant we needed to control our applications, especially financial applications. During our internal and external audits, we can use Rational Portfolio Manager to show exactly who requested a change from the business, who approved it, and who worked on it from IT. We have a record of everyone that was involved," notes Larson.

Budget forecasting and 100 hours saved

Budget forecasting was the focus of the second wave of Lawson's Rational Portfolio Manager implementation. This next phase was moved up from its planned start date and completed in just one month to facilitate budgeting requirements for the fiscal year. "Wave 2 came up quickly for us, but in just one month, we created a forecasted budget for each project in Rational Portfolio Manager. We aligned all the Rational Portfolio Manager entries with our general ledger, by group code and subcode, so that we could generate reports that showed us where we were against the fore-casted budget," notes Larson. "Next year, we will begin keeping our actuals in Rational Portfolio Manager as well."

By generating accurate, traceable and up-to-date budget numbers broken down by initiative with Rational Portfolio Manager, Lawson has streamlined the process and saved about 100 hours of director-level time each year. "We used to agonize over the budgets. We didn't have a good budget tool. Every group would do their budget sep-arately, and then someone had to combine them. Now, we use Rational Portfolio Manager to cap-ture all known and proposed ex-

penditures — and we already have the numbers in Rational Portfolio Manager when a proposal becomes a project. Rational Portfolio Manager saves us a significant amount of time. Saving that 100 hours up front last year was critical, and every time we work on the budget we'll see that savings."

Business process streamlined

In addition to eliminating 100 hours of effort in the budget process, Rational Portfolio Manager has helped Lawson identify inefficient business processes and save another 400 hours in development time. Larson explains, "IT recently received a request to set up a new business partner. The resource manager used Rational Portfolio Manager to pull the numbers on a similar project we did for another vendor. He determined that it would take about 400 hours of development time."

When the chief marketing officer (CMO) compared that with pro-jected gross sales expected from the partner, he discovered the project would cost the company more than it would bring in and canceled the project. "We were able to open a dialog between IT and the CMO and explain in detail all the steps needed to complete the project. The CMO established a task force to find a better way of working with specific partners — a

way that does not put the burden on Lawson and Lawson IT. IT saved hundreds of hours of development time, and the business avoided putting a process in place that was not in Lawson's best interest. That is a huge success story, and we would never have been able to generate that number without Rational Portfolio Manager."

Software configuration management for geographically-distributed development

The Lawson IT development team had been using IBM solutions prior to their adoption of Rational Portfolio Manager. The team's success with those products factored into the decision to select Rational Portfolio Manager. Larson explains, "We are an IBM mainframe shop. We use IBM WebSphere® Commerce for all our newly-deployed Web sites. We use IBM Rational® Robot and IBM Rational TestManager to test mainframe applications, identify defects quickly, and increase test case reuse. In application development, we also use IBM Rational ClearCase® and IBM Rational ClearQuest®. We are looking forward to further integrating Rational Portfolio Manager with other IBM products."

Lawson developers use Rational ClearCase for managing and controlling access to software assets across the full development life cycle. The team also uses Rational ClearQuest for software change management on mainframe initiatives, as well as their Web development projects. Rational ClearQuest and the Rational ClearQuest Web interface have been particularly effective in improving communication between Lawson developers and a team of developers working in Israel. "On one of our largest projects, our teams are using Rational ClearQuest for defect tracking and for communicating the status of issues with our remote developers. With Rational ClearQuest, our team of 20 developers, across two sites, can respond quickly to defects; and we can keep track of who is working on which defects and where we are in the project," Larson says.

The team is also using Rational ClearQuest to enforce workflow on their projects. "When a defect is registered, the project manager will assign it to someone on the team, who will review it and work on it. Using Rational ClearQuest, we can trace the issue through this workflow until it is tested and resolved," she adds.

By creating a Lawson calendar within Rational Portfolio Manager to mirror the company's shop calendar, the team has also simplified scheduling tasks for its worldwide team. "We also work in Canada and Mexico, which have different holidays, and the calendar helps our developers keep track of their administrative and vacation time," says Larson.

Future waves

In upcoming phases of its Rational Portfolio Manager deployment, Lawson plans to start tracking actual budget expenditures, and to leverage more resource management and project management capabilities. IT also plans to provide business units with direct access to Rational Portfolio Manager, enabling them to work more closely with IT as they align and prioritize business objectives.

In addition, Lawson has plans to develop a service oriented architecture (SOA) to increase the flexibility and responsiveness of IT. "As we embrace SOA, Rational Portfolio Manager will be part of our governance toolset for SOA. We have a great start on that with what we have accomplished already," notes Larson.

Culture changed

Lawson's experience with Rational Portfolio Manager has confirmed the team's earliest expectations—that the solution would deliver immediate results while providing them with a complete set of project and portfolio

management capabilities that they can implement over time. "I believe that Rational Portfolio Manager can be approached iteratively. It is so configurable and there are so many areas and opportunities, that you really have to keep coming back and adding a little bit more and a little more. As we do that, we are getting more disciplined in our processes with the help of Rational Portfolio Manager."

For Larson, the most important benefit of Rational Portfolio Manager has been the transformation it has helped affect in the company's culture and how the business views IT. "Rational Portfolio Manager is great at tracking time and monitoring productivity. But more than that, I rely on it as a communication vehicle. Rational Portfolio Manager enabled us to change the perception of IT, to change the culture. It helped us improve the working relationship between IT and the business by showing the business the effort we make on their behalf. To me — in my environment — that is priceless because we never could do it before."

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