

From data and integration to smarter operations: Performance management at Dorel

Overview

In a global, yet struggling economy, consumer product manufacturers can't afford lackluster performance. They have to get the job done faster and still maintain a high level of quality. Competition, shifting buyer loyalties and increasingly complex supply chains add to the challenge.

When timing and quality control are paramount, organizations need to be able to plan, analyze and measure results. So they can build strong brands, better manage operations, keep pace with the market and drive growth. With this in mind, Dorel Industries chose IBM Cognos software to power its strategy and performance.

This case study will focus on how Dorel leveraged IBM Cognos software to help:

- *Integrate multiple data sources, and accelerate reporting and information delivery.*
- *Provide in-depth insight into sales and revenues worldwide.*
- *Gain fact-based analytic and decision-making capabilities.*
- *Improve customer sales and service.*



- *Provide timely and accurate financial reporting.*
- *Improve compliance and planning processes.*

The result: Dorel has better access to clear, reliable and timely information – both for company and financial reporting. The insight gained has led to less manual effort and greater efficiency.

Management now spends more time on strategy and improving the business. What's more, operations, sales and customer information can be accessed quickly and consistently, and shared across the company. The outcome is a more engaged organization and improved performance.

Challenges faced

Dorel Industries is a global manufacturer and distributor of juvenile, recreational and home furnishings consumer products. The company sells its products under a suite of brands, including Cosco, Eddie Bauer, Schwinn, Mongoose and Maxi-Cosi. It is the world's largest juvenile products company and is the leading marketer of bicycles in North America.

Headquartered in Montreal and with operations in the US and Europe, Dorel employs 4700 people in 15 countries. Annual sales are US\$2.1 billion in over 60 countries worldwide.

Dorel operates a number of diverse and strong brands. Each segment consists of several divisions and subsidiaries. While separate management teams operate each business group independently, the organization strives to maximize cross-selling, cross-marketing, procurement and other complimentary opportunities.

The company had struggled with a common problem across the board: too much data and not enough timely or consistent access to it. Spreadsheets and localized solutions helped to reign in some of the information, but it was far from ideal.

“Our issue was just getting consistent financial and non-financial data,” says Ian Farthing, Vice-President, Corporate Services at Dorel. “The problem was not knowing if information was coming in on a consistent basis across divisions; there were too many ad-hoc requests going on by different people in different formats. Excel made our processes inefficient. We just knew that there was a better way to work.”

Mark Otten, Manager of Applications and Development at Ameriwood, one of Dorel’s subsidiaries, concurs: “Our divisional focus was on trying to sort through the tons and tons of data that we collect from our transactional system to help people get better reporting and analytics.

“Our drivers were taking the 300 or so reports that would go out to everybody at the end of the month. They were essentially three reports, but with all the different permutations it drove a lot of paper, a lot of things that could go wrong in the reporting cycle.”

The challenge was to find a platform that would allow senior management to better access and share information that was critical for timely operations planning. Also required was a unified solution that would streamline planning and forecasting processes and facilitate regulatory compliance. A performance management solution offered the answer.

Strategy followed

Selecting the right vendor was an eight-month process. It began with an extensive needs survey.

“The journey began with us visiting the majority of our US and European subsidiaries to ask them their opinion about what they needed to accomplish in terms of reporting,” says Farthing. “It was the first time we initiated something like this from head office. What we were trying to accomplish was to satisfy needs throughout the corporation at all levels.”

Several vendors were in the running at the outset. Following a lengthy process of review, analysis and proof of concept, the company selected IBM

Cognos performance management – specifically, IBM Cognos 8 Business Intelligence, Controller, Planning and Go! Mobile.

Some of the key deciding factors:

- *Aglobal as well as local presence, including a close-by implementation team.*
- *Strong worldwide support.*
- *A full suite of products that is well integrated, with flexible capabilities.*
- *Cognos is recognized worldwide as a BI leader.*

“One of the big debates we had when we acquired Cognos was this concept of one tool versus multiple tools,” notes Farthing. “In other words, is there one piece of software or is it more than one piece?”

“So if you’re looking for consolidation, Controller is ideally suited for that. If you need to do planning, Cognos is well suited for that. If you’re looking for an information delivery system and scorecarding and dashboarding, Cognos 8 BI is good for that. Put them all together and you have something that works throughout our company.”

The implementation itself has been a two-phased process. Right now, the organization has deployed Controller and BI in several areas. Plans are to increase use of Go! Mobile and implement IBM Cognos Planning in the near future.

With this platform, the organization can truly consolidate and deliver timely data to management in all locations. Most notably, providing access to the same information across geographies improves decision-making.

Business impact

On the BI side, Dorel has focused its efforts on reporting, dashboards and scorecarding. In this case, the company uses BI for head office reporting; financial and non-financial reports and dashboards can be accessed through a common portal.

“One of the executives at head office, who deals with procurement, had been thrilled to see the sales data that we have available in our corporate BI,” notes Otten. “It helps him understand the number of containers, the amount of goods that they’re buying to support this level of sales.

“So he was able to make a connection between our actual daily sales and the amount of POs and the amount of containers that they were ramping up to bring in.”

Adds Farthing: “We just created a report called Year-to-Date Sales. It has all of our units on there, and it’s year-to-date versus prior year, and we

made it available to all the executives. When they saw that it’s an up-to-date report versus prior year by country, by customer and by SKU, they were doing cartwheels.”

He notes that timely access to critical information has helped from the warehouse right up to the board room.

“I’ve been to board meetings, and I see the CFO has access to information that’s in real time and up to date. He can talk about this division and that division and this customer and that customer in a way that’s a lot more confident, backed up by data.

“And I think that’s very powerful. He has a report from Cognos that beforehand he would have had to ask for, and someone would have had to put together, and it was an ad hoc-type situation. Whereas now, it’s on demand.”

The ultimate goal he says is to get people to spend less time collecting information and more time analyzing and getting value from it.

Financial consolidation

On the finance front, Dorel is using IBM Cognos Controller to automate and structure the financial consolidation process.

The software is helping to improve efficiencies in preparing financial statements, and will also strengthen the company’s internal control environment to meet compliance and regulatory requirements worldwide.

Controller’s global and localized reporting capabilities also open a world of information to executives and management.

“The information is on demand, it’s aggregated, it’s converted, it’s in local currency and it’s in our reporting currency,” says Farthing. “We have three big units in Europe: the U.K., Dutch and French group, but below that we’ve got Ireland, Germany, Portugal, Spain and more. These companies were almost invisible to the executives. But now they’re right in their face all the time.

“So they don’t need to call local management in France and say: What’s going on? They’ll know already what’s going on. They’ll see that things are not going well in a particular country, where they didn’t have that visibility before.”

Farthing also notes that while IT manages the infrastructure and does any backups, Controller is owned by the finance department – a big plus for the organization.

Room to grow

While people are seeing results already, the organization is just beginning to understand the potential uses of the software. Deployment is a work in progress with a lot of room to grow.

“In the data we’ve identified where we want to be,” says Farthing. “Our biggest challenge now is picking what’s next. What’s the next piece of information we want to collect?”

“I think our challenge will be determining what’s driving the data. In other words, it’s the cause rather than the effect. It’s going to be a challenge because you need insight from a lot of people. Is it orders from shipping for example? Is that a metric we should be collecting? We know that Cognos is going to be the way we do that.”

Otten further suggests that the potential of the tool is really only restricted by the uses people want to put it to and the resources to make that happen.

“The limiting factor for us is just our resources within the core team to be able to take the input we get from business users and push those back out in terms of a product.”

Lessons learned

Every deployment is unique and has its own set of challenges. What are the right steps to making it a success?

Starting small and learning as you grow is a key factor. In the case of Dorel, gaining buy-in from the executive level and the wider organization were also crucial in making such a large project happen.

“We did a good job of engaging a lot of people early on in the process, and making them aware of what we were trying to accomplish and why we were doing it, and how it would benefit them and Dorel,” Farthing observes.

In terms of executive support, the company Chief Operating Officer initially flagged the need for performance management, which proved to be a strong catalyst for change and improvement across the company.

“Something like this has to be driven from the top. It can’t be driven from a lower level individual. The fact that he put his weight behind it made it feasible.”

Next steps

While Dorel will soon begin working on the IBM Cognos Planning implementation, a big chunk of future

activity is earmarked for expansion of reporting and analysis across the board.

“There’s a critical mass coming,” says Otten. “We’re not quite there yet. We have a few more pieces to put in place in terms of end user involvement and having enough content that people will find of interest on the sales data.”

“So I would say within the next six months, possibly the next 12 months, I believe this will really take off and have a huge impact throughout the whole organization; not just head office and the divisions that are using it.”

“Because of the richness of the data that we’re going to be able to provide and the way we’ll provide it, all divisions won’t have any choice but to take Cognos into their organizations and start taking it more seriously.”

Adds Farthing: “Our management is very happy with what they have today. I also know that this is nothing compared to what it could be. It’s a project that’s going to go on for a long time. There is so much more that we can do and I think that’s what makes it so exciting.”

About IBM Cognos BI and Performance Management

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