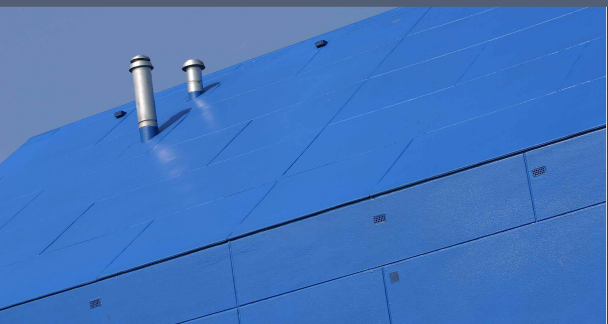


BUILDING SUCCESS, ONE SET AT A TIME: PERFORMANCE MANAGEMENT AT MUELLER



In a fast-paced, global economy, manufacturers can't afford lackluster performance. They have to get the job done faster and cheaper, and still maintain a high level of quality. Competition, outsourcing and increasingly complex supply chains add to the challenge.

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

Mueller manufactures prefabricated steel buildings, roofing and construction products that can be purchased as whole sets or components. It has served the southwestern U.S. for over 75 years. With over 500 employees, the privately held company operates from three manufacturing and distribution locations and 22 retail outlets.

This case study will focus on how Mueller uses IBM Cognos software to help:

- Support its award-winning Balanced Scorecard initiative.
- Accelerate information delivery, from three days to three minutes.
- Provide in-depth insight into sales, finance, inventory and purchasing.
- Gain fact-based analytic and decision-making capabilities.
- Improve customer sales and service.

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 organization to improve results. The outcome is better quality products, improved performance and a new level of customer satisfaction.

BUSINESS BACKGROUND AND THE CASE FOR CHANGE

After years of strong growth, Mueller made the decision to expand from selling to distributors and contractors to providing products directly to customers. This required a different mindset and strategy.

The first step was to implement a Balanced Scorecard, which would set the new direction for management and staff. In essence, this strategy map would allow the company to identify and measure key performance indicators in four areas: finance, customer service, internal process improvements, and learning and growth.

Critical to an end-user focus was gaining insight into customer needs. The company wanted to understand what products customers were buying and whether they were happy with them.

“It was very important for us to focus on those things that we had to do to satisfy customer requirements,” says Mark Lack, planning and financial analysis manager at Mueller. “By measuring our objectives through these lead indicators and metrics, we could improve our processes, improve customer satisfaction outcomes and bring in good financial results.”

The challenge was to find a platform that would integrate the customer data and metrics, and disseminate the information to people across the company in a timely, cost-effective way. So they could in turn make informed decisions. A performance management solution offered the answer.

FINDING THE RIGHT VENDOR

Mueller wanted a solution that was “agnostic” and would work seamlessly with its existing J.D. Edwards ERP system and other database applications. The company had a reporting package, but this did not meet all of its needs.

“It was very, very important that we had an architecture that could manage all of our strategic processes together, from planning to reporting to analysis and monitoring,” recalls Lack.

“There are many vendors that can do one thing well. They may have a great balanced scorecard; or a great reporting tool; or a great analysis tool. But rarely do you find one that can provide all of them. IBM Cognos software really had this end-to-end capability.”

Mueller selected IBM Cognos 8 Business Intelligence for reporting and analysis, and IBM Cognos Metrics Manager and IBM Cognos 8 Planning to further its scorecard and financial planning initiatives.

IBM Cognos Performance Applications were also added. They would allow the organization to fill gaps in its operational reporting and gain immediate insights into the health of the business.

In addition, Mueller signed a consulting agreement with CD Group, a national J.D. Edwards solution services company, to assist with the implementation. The partner was selected because of its expertise in both IBM Cognos applications and ERP systems.

THE IMPLEMENTATION

The first phase was to implement the performance applications for sales and general ledger. These modules enabled analysis and access to many of the core metrics the company required.

The applications alone saved a year of development time because of their extensive pre-built functionality. “The performance applications had 95 percent of the information we needed right out of the box,” Lack says. “It was a very quick implementation, and we started getting value almost right away.”

In just 20 business days, Mueller had the reporting capability it was looking for. The next step was to integrate and extend it out further.

“We had some of our financial and operational results available within these new reports,” notes Lack. “We then needed to create a system that would flow that information into our targets and metrics for a balanced scorecard. So we used that as the basis to begin our forward integration of reporting and analysis to tie everything together.”

MANAGING THE STANDARD

An IBM Cognos recommended best practice is to develop a BI competency center (BICC) to centrally manage an enterprise system. A BICC helps to ensure the technology is deployed consistently and used effectively.

While Lack says the company doesn’t have a formal BICC, management of the system does follow its principles.

“Everything comes up through my department, and then we configure and set it up the way the user needs it. The standard, for the most part, is set in my department. And we have periodic reviews to assess what’s working and what’s not.”

Management buy-in for the project is also critical. In the case of Mueller, the top executive was sold on the idea from the outset, which helped pave the way for its success.

“The CEO has been a champion of the Balanced Scorecard and management reporting system right from the beginning,” says Lack. “The scorecard is really the reflection of his vision. When you have your CEO’s approval, it makes it much easier to get things done.”

BUSINESS IMPACT

Mueller has seen some big leaps forward in terms of information speed and accuracy. Users have faster access to standard reports and more thorough sales analysis. In many cases, content is delivered in minutes instead of days.

Mark Lack says one of the first things management noticed is the new level of insight and understanding people are sharing in company meetings.

“People in the past would talk about process or strategy and say ‘It would be great to know the percentage of this, or why that happened.’ This kind of discussion would have been either rhetorical or would have to be taken offline to research. We now pull up the IBM Cognos system and can find the answers right away.”

What’s more, staff can drill into details and pull together different pieces of information to gain dimensional views they never had previously. The insight is a boon to decision-making

“We can find information that we didn’t even know existed before,” adds Lack. “People are calling me and asking very advanced, complex questions, which means they are looking at the data in new ways.

“We’ve created a much more knowledgeable workforce that can now act on key information very quickly.”

DEEPER CUSTOMER INSIGHT

By integrating the Balanced Scorecard with financial and operational reports and scorecards, Mueller is able to answer key questions such as:

- What type of products are people buying?
- Are customers buying complete metal buildings? Are they buying parts or the entire project?
- What type of customer is buying Mueller products?

Finding the answers not only provides insight in terms of business performance; it can also help improve customer relationships. For example, understanding whether the customer is a contractor or builder can make a big difference in business planning and customer relationship management efforts.

“If we manage the customer relationship correctly, it will reflect on our business performance,” Lack explains. “By gaining more control over our information, we’ve created some strategic shifts in the way we view customers.

“With the help of IBM Cognos software, the Balanced Scorecard has improved our ability to reach out and provide the level of service the customer requires.”

AWARD-WINNING RESULTS

Because of its breakthrough performance results, Mueller was named to the Balanced Scorecard Hall of Fame for Executing Strategy by the Balanced Scorecard Collaborative.

“The biggest benefit to our organization is the clarity the methodology provides,” Lack explains. “Our scorecard initiative makes it easier to spot areas for improvement, keep focused on goals and measure progress.”

This clarity inspired an important change in the company’s culture. What began as a measurement tool has evolved into something more, says Lack.

“We use the scorecard to communicate the company’s strategic objectives and priorities, so that everybody has a part. And they can see what is most important for us to be doing. While many view it as a measurement tool, we’ve always looked at it as a communication tool first and foremost.”

For example, a metric that shows the company is manufacturing a certain number of parts per minute, or per labor hour, tells only part of the story. If the company can show that by implementing a new process it will have fewer errors and higher quality, the customer is likely to buy more and have more loyalty.

QUALITY PRODUCTS, CUSTOMER SATISFACTION

In the final analysis, the most important measures of success are product quality and customer service. The right information and performance management tools can help translate these critical metrics into greater customer satisfaction, higher sales and business growth.

“When somebody puts a beautiful metal roof on their house, and a neighbor comes up and asks ‘Where did you get that roof?’ we want them to say ‘That’s a Mueller roof.’

“There are many companies that sell these kinds of products, but the value we add and the assurance we give our customers is what brands us as a sign of quality. So instead of a metal building, people are buying a Mueller building. And if we can get people to think that, we’ve won.”

ABOUT CD GROUP

CD Group, Inc. is a national J.D. Edwards solution services company providing implementation, business consulting and technical services. CD Group is also a leader in business intelligence and e-commerce. Founded in 1992, this Atlanta-based company has provided exceptional service to the J.D. Edwards community, and as a result, has had an average annual growth rate of more than 50 percent over the last four years.

ABOUT COGNOS, AN IBM COMPANY

Cognos, an IBM company, is the world leader in business intelligence and performance management solutions. It provides world-class enterprise planning and BI software and services to help companies plan, understand and manage financial and operational performance. Cognos was acquired by IBM in January 2008. For more information, visit <http://www.cognos.com>.

All of the top 10 automakers and 19 of the top 20 consumer packaged goods companies have implemented Cognos performance management software to improve and direct corporate performance. Consumer Goods Technology (CGT) Magazine readers named Cognos the “Top Pure Play Business Intelligence Vendor” in 2007. START-IT magazine included Cognos on the “Hottest Companies” list two years in a row.

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