IBM Cognos Online Conference for Retailers and Manufacturers
Linking Operational and Financial Performance
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Tony Levy: Welcome. My name is Tony Levy and I am Director of Financial Performance Management Solutions at IBM. And on behalf of IBM and my three guests, I welcome our viewers to this session on Linking Operational and Financial Performance for Better Business Outcome.

This morning in the general session you heard how leading retailers and manufacturers are striving to achieve operational excellence. Our point of view in this session is that while companies need to excel in operational performance, right product, right price, right time to meet customer demand, they also need to excel in driving the financial performance management. More than ever, they need to improve decision quality and risk management.

Joining me today are three leading practitioners in performance management. Chris Gaffney has been the Financial Systems Director for the past five years at Donna Karan International. In 2008, he implemented IBM Cognos Solutions in four countries with ten legal entities to forecast three yearly budget cycles and the three-year planning cycle for three separate sales channels, wholesale, licensing and retail.

Mark Lack manages the Business Intelligence and Balanced Scorecard processes at Mueller, Inc., a manufacturer and retailer of steel building products in the South Central United States. Mueller's BI processes include planning, forecasting, management reporting, strategy management using the Balanced Scorecard. Mark's execution of the Balanced Scorecard earned Mueller an induction into the Kaplan and Norton's Balanced Scorecard Hall of Fame in 2007.

Laurel Schechter is the Business Intelligence Manager for Moët Hennessy USA. She has 14 years of IT experience and nine years of experience with Cognos Solutions. Throughout her career, she has implemented and managed Cognos within banking, pharmaceuticals, and retail industries. Laurel currently manages the Cognos environment for Moët Hennessy in United States.

In a moment, we will be asking these three guests to describe their performance management journeys.

First, let's ask a question, why is the linkage between operational and financial performance so important today? The answer is variability and speed of business. The unprecedented volatility and the global economy witnessed in everything from commodity prices to consumer demand to exchange rates that's putting increased pressure on our performance management and decision-making processes and systems. These external factors impact our operational effectiveness, which is the leading indicator of financial performance. And while early signs of a recovery from the recession are on the horizon, many economists and business leaders argue that heightened volatility will continue even in the recovery.

As illustrated on the right side chart, a recent poll of 400 senior finance leaders conducted by the CFO Magazine revealed a 61% majority believe that when the recovery takes hold, heightened uncertainty will remain and become part of the new normal. As illustrated in the left side chart, 88% of those same 400 senior finance executives believe that when the recovery takes hold, American companies will be operating in a fundamentally new environment.

And on the right side chart, we see the most commonly cited areas that finance executives believe need to be approached differently because of the recession. Here we see themes that have been well documented in the channel business press over the last 12 months. The need for faster, more frequent forecasting to improve visibility into the next 30 to 90 days and scenario planning practices to prepare the appropriate response, deleveraging a corporate debt, more effective credit and collection policies aimed to improve liquidity and conserve cash, a more flexible and scalable organization and work force with the right skills [have] a better risk management strategy.

More than ever before, companies need new tools and discipline to anticipate variances more effectively in order to answer the question, "How are we doing?" to be able to drill down into operational data, which have a financial effect in order to understand root cause and answer the question, "Why are we off course?" and then plan new initiatives to exploit opportunities and mitigate risks and answer the question, "What should we be doing to get back on track?"

By transforming performance management processes and replacing or extending outdated spread sheet based systems with dedicated software to help measure, monitor, plan, report and analyze, leading companies such as my guests here today are able to incorporate operational drivers linked to financial outcomes into timely, reliable plans and forecasts in order to help the organization anticipate variances more effectively.

For example, the number of product introduction linked to revenue or the number of customer complaints linked to call center expenses. Leading companies are better able to create multidimensional views of information and drill down to the operational and financial transaction level to provide more timely root cause analysis. They use dynamic scenario analytics to help assess alternatives in order to launch new initiatives and exploit the latest opportunities and mitigate emerging risks. And they integrate strategy-driven metrics and decision processes that align execution with corporate objectives down to the lowest levels of the organization.

IBM Cognos 8 software provides complete reporting, analysis, scorecarding, dashboarding, planning and financial consolidation capabilities on an independent platform that can source data from all sources and applications. These capabilities can help you drive a smarter enterprise, anticipate performance gaps with enough lead time to respond, align metrics, initiatives, resources with strategic objectives, adapt performance measurement and reporting systems to changing business conditions and structures.

So now, let's turn to our three guests individually and hear how they are driving performance in turbulent times. Let's start with Donna Karan International. Chris, please give us a quick overview of DKI's Performance Management Initiative.

Chris Gaffney: Thank you, Tony. Firstly, I would like to start by talking about Donna Karan International as a company. We were founded in 1985 by Donna Karan herself. We have a mission statement that basically Donna Karan is looking for not just somebody that's going to wear the clothes but more of a lifestyle system. So, we've branched out into such things as home goods and other areas in our licensee business.

So, we really have three different channels of business. We have a retail, a wholesale and licensing business that function fairly independent from each other. We have three easily recognizable brands, The Donna Karan Collection, which is our collection line and then we've got DKNY, which would be considered the bridge line, and then we've got DKNYC, which is then a better line that falls under the bridge. We are a company that is a 100% owned by Louis Vuitton Moët Hennessy. That acquisition happened in 2001.

So, with having three separate lines of business we come to business challenges as far as implementing any systems but in Cognos in particular. So, here we were using Excel and we were shackled to Excel, I would say, to the point that everything in and of itself evolved around Excel and there was many different versions, a lot of linking of datasheets, a lot of files that needed to be updated. So we spent a lot of time as a company and in each of the divisions and the channels going through checking data to make sure that the number at the end of the day was the number we needed, instead of actually analyzing what the numbers meant. A lot of the numbers would get to the consolidation team. They would be either incomplete or incorrect. The consolidation team could only see the final results of whatever Excel was passed to the divisions to say, this is the information that I want from you.

We also found that if you asked multiple people the same question about how they budget for a particular expense or how they did something in margin, you may get a different answer from a different person. So we had kind of this budgeting that was not standardized at all. Within that then we had a pretty complicated corporate and retail allocations, which took anywhere from five to seven days to do an Excel.

So when we started using Cognos, one of the biggest benefits we saw was that the allocations were cut down from three days, let's say, for actuals and down to an hour and half. So the budgeting cycle was even longer, but the three days went down to this hour and half very quickly. All the allocations, we went through them step-by-step and we said, “Okay, why do we do it this way, what do we do?” So, we streamlined not only the budgeting process, but we also streamlined the actually process and said, “We can do it a better way, we can do it an easier way, why are we doing this?” and we questioned all of the reasons that we were doing them.

For the wholesale, we started to look at how to drive the numbers rather than just report the numbers. So we tried to put in as many assumptions and that would push the numbers to where they needed to be, so that they could look at them at the end and say this is where the number should be and this is why. In retail payroll, we've had a couple of changes in that area but we actually winded up doing a mix between fixed and variable costs, and we look at a max percentage based on how much we are going to have in sales.

We also automated the employee level allocations within payroll, and you could send somebody's percentages of their salary and their payroll and travel and all their compensation on through the two other business units and it could be very easily seen. So we basically eliminated several hundred, I would say, a few hundred Excel files and we've reduced the amount of time checking numbers and we've given a greater visibility to the entire plan for the consolidation team, so they can see it from end-to-end. So, there is little space for people to hide [from us], and we were able to quickly globally put these numbers together, consolidate them and take a look at and go back to people as we went through.

Tony Levy: Thank you Chris, real strong accomplishments there. And we'll come back to you in the panel portion of the session.

Now, let's turn our attention to Mark and the Mueller story. Mark, would you like to walk us through a review of the Mueller story?

Mark Lack: Sure Tony. Thanks. Mueller Incorporated was found in mid-1930's and primarily the business was creating cisterns, water capturing devices, cattle panels and shades for the agricultural market using secondary steel products.

The vision that we have today, 70 plus years later, is that we want to provide the best total value for the end users of metal building products. Most of the competition that we go up against go on a two-tiered system, whereas we go directly to the end consumer. So, we don't do as much in re-sell as we do with consumers in retail.

We have over 30 retail and manufacturing locations located over the Southwest part of the United States and we provide not just individual components of the building project, but we provide complete solutions from the concept when people have a dream that they want to put a building or a barn or any sort of structure on a piece of property they may have from their concept, all the way to the completion and the installation, so that they can get benefit of the use of that product.

We are members of the Balanced Scorecard Hall of Fame for executing strategy based on the process and the systems that we use and I will talk about how Cognos has really helped us with that. And our headquarters are in Ballinger, Texas, which is west central part of the state.

We had several environmental and business challenges that prompted us to manage or move our systems towards the Balanced Scorecard and the Cognos System. From a company standpoint, we had evolving customer demographics. They changed from being purely agricultural and rural to suburban who have been tilling some property outside of the city, prompting them to be just a really different customer set.

We have retail location developments. At one point, we had one location, one manufacturing facility, and we would ship wherever that customer happened to be. One of the things that we needed and our customers told us is they wanted locations that were closer. So, we went from one location to almost 30 retail locations over the Southwest.

The expansion of our organizational structure, our Company had some growing pain and when we were a much smaller one up until about 10 locations, we could run with a skeleton crew of management at the corporate office. But as we went with the strategy of getting towards the end user, it was very important for us to change the organizational structure and have succession plans as we bring the organization to the next level.

Raw materials in the steel market, as they can be with any commodity product, have just been very difficult to predict. They were very stable up until about 2004, 2005, and they have been for about 20 years prior to that. So, if we were to look back and see our price per unit that we would purchase products for, were fairly stable. Well, '04 and '05 changed that. So our planning systems really had to change and adapt with a turbulent raw materials market.

We had an ERP implementation that really changed the way that we did business and we needed a solution that was going to work with that very, very well. Our former planning system was Excel-based, and it was very difficult to maintain from the back end. You have 30 spreadsheets going out, and then they all come back and trying to consolidate them and make sure that they are all correct can take a lot of time.

The management's planning focus was always around the corporate expectations and not management insight. It was a dictation. This is what you need to grow. We need to do this and go and figure it out. And, whether or not we really understood what those local markets did and the managers will try to be whatever they could to meet those expectations whether they were realistic or not.

So the next point here was our planning exercise added very little value. People would turn in numbers that they would meet approval and we would move on and then hopefully they go back to doing their business and the numbers would work out the way they hoped that they would.

Planning and performance were very difficult to quantify. You start with a top down system, everybody needs to grow the top line a certain percent and their bottom line another percent, whatever that happens to be, that's great. But the difficulty was determining was it management that did it or was it the environment that did it if we did well. Or conversely, if we did poorly.

The benefits of using Cognos, and as I mentioned before, is we started using the Balanced Scorecard, because we needed a new way to manage our organization. The Cognos software what was great about it is we're already using the planning, which consolidated our planning processes from having multiple spread sheets and just weeks and weeks of consolidations to try to put together a plan, to pushing out a system that had one backend, one area to make changes, and you can push out those changes very quickly -- really almost on the fly. And if people had questions or they needed a new model, it was not very difficult to put one out, put that out on the system and allow them to start doing their "what-if" scenarios as they needed.

The Cognos software, like I said, helped to coordinate our planning process. They had also brought in because the Balanced Scorecard was very important to us was the automation of our ability to push that data out, so that we can manage our strategy, and along with that we needed the management reporting to go on with that. And the Cognos 8 suite provided everything from planning to management reporting to the balanced scorecarding. So it helped us quite a bit. Now in Cognos planning, we had multiple "what-if" scenarios, well, that's great, this is what we expect is going to happen, but what if this happens so we can do this iterations over and over very quickly.

Our planning frequency is not necessarily just based on a calendar, it's based on an event, raw materials for certain steel products can be bought and now how is that going to affect our business, that's an event that can now trigger a new planning system or a new planning system.

The planning cycle was reduced by several weeks per year. We started in October, hopefully have a plan together by the first of January, then we put it on the shelf and then go back doing our business. Now we have a continuous planning that sounds great or could scare some people. But in reality, since there are so many different events that could trigger or change our plan, it allows us to be very nimble and really look at what are the forecast expectations and how can we plan to that.

The Cognos 8 BI provided the solution to be able to perform quite a bit of analysis and report to people the information they really needed to make decisions for their business, and the plan to performance that was the best part of it was that as we tied our planning system into the management reporting, you could push out data as soon as people have their plan updated and then report against it. So that was really nice. And at the end of the day, the system has allowed us to get the information to the people that need it so they can make just the best decision they can with all available information.

Tony Levy: Thank you, Mark, and congratulations again on the Balanced Scorecard Hall of Fame recognition.

Mark Lack: Thank you.

Tony Levy: And we'll get back to you in a moment when we get into the panel. Finally, Laurel, what can you tell us about the Moët Hennessy USA story?

Laurel Schechter: Good afternoon. My name is Laurel Schechter and I work for Moët Hennessy USA. Moët Hennessy USA is a leading luxury importer in premium wine and spirits. We have about 325 employees across the United States, and we are owned by Moët Hennessy Louis Vuitton. Hopefully some of you will recognize some of our brands that we have such as Hennessy or Glenmorangie, some of our champagnes such as Dom Pérignon and Moët & Chandon, and perhaps even some of our wines, such as Newton or Casa Lapostolle.

We have some of the same challenges as the other people have described, mainly Excel, and the time it took to create the reports. Putting together disparate data sources and not having standardized reports, it took people a long time to get requests from our finance department because they did do everything in Excel.

We also have pricing across the country and we needed to have a system where each region or a state could enter their own data. We have global reporting requirements that had to be met and we also had security issues that we had to attend to, such as people being able to in a certain region only being able to see their data that they had. And then we needed to have one integrated process where people could go and get the information that they needed and again not have to make certain requests for that information.

Moët Hennessy uses planning in some traditional ways like creating sales and depletion reports and also in some unique ways. For example, a critical aspect of our business is the creation of pricing and controlled and open states. Control states are those states that either control the sale of either spirit or wine to consumer, some examples of those will be Pennsylvania or Utah or Vermont. Challenges with the control states are the complex nature of their tax structure. For example, in the state of Pennsylvania, they have a special tax for a flood that happened in 1917.

Open states are those that sell products to the distributors who then in turn sell the product to retailers. Challenges in that aspect include working with the distributors to maintain a certain margin while the end product is sold at the price that Moët Hennessy feels is appropriate. Both open and controlled states create pricing for products by brand, mark and size. We will negotiate with the distributor actually sitting in front of a laptop to show the give-and-take between all the different sizes and come to an agreement on pricing. And one of the things that we were able to achieve with using Cognos is we were able to easily set up the ten deal levels that we have. Price increases are guidelines that can also be negotiated that affects overall sales volume and dollars for the year.

Some of the benefits that Moët Hennessy gains from implementing the planning process was having shorter processing time and then having a consolidated standard process. So we don't use the Excel spreadsheets anymore. Everybody goes into the tool and enters their information for pricing and planning. We then take that information and we can put it immediately into our data warehouse and people can then go on to our BI tool and immediately print out reports and nobody has to request anything or have disparate Excel spreadsheets that are floating around and may not have consistent information on it.

Again, with our security, the people in all of the different regions only see what they are supposed to see, so that was a big thing for us. And then also being able to use the break back methodology to create phased depletions and then being able to use the business intelligence tool so that when people log-on to our data portal they can basically run a report in a matter of minutes for any of the information that they need to get, whether it would be for their pricing, for planning, or for any of the depletions information that we have.

Tony Levy: Thank you, Laurel. That's an exciting story and all the different brands that Moët Hennessy let's say carries is really quite remarkable. These really are three great stories from all three of you, and why don’t we gather around now is a panel and talk about what it takes to implement a successful performance management initiative.

Let's start by talking about building support for performance management initiative with executive management. Many of our viewers are looking to take off their first initiative, what advice can you give them to raise that internal business case with senior management particularly in these turbulent times? And so why don't we start off Chris, what are your thoughts on that?

Chris Gaffney: We worked with when we originally went into management with the idea of getting a product to do budgeting and forecasting, we came in with the thought that we would give them a better visibility to the entire budget cycle instead of just the end piece that we would then forward on to LVMH. So we became more of a company that can look from end-to-end at the process and actually do something about it while we are in the budget process.

We also went to senior management and we're going to standardize the way we are doing budget process. So if somebody tells you that they are looking at standard gross sales in one division versus another, we know that is the same definition by using the system to do that. We also pitched to them and it would be a better analysis tool rather than a number checking data entry portal basically, and that we'd be able to reduce the number of errors, reduce the number of time that it would take to do the budget cycle, and also by adding in actuals to the mix we would be able to forecast in off time. So instead of just doing three, we will be able to go through and actually use the system to do a budget at six months instead of waiting until nine months. So that was the approach that we took to speak to management about how they would have a better understanding of what's going on in the budget cycle, reduce the budget cycle and reduce the number of errors and better the budget cycle in that be the analyzation of the budget could happen rather than just being a number checking Excel monster.

Tony Levy: Yes, well, better insight and better staff leverage sounds like a great story. Mark, what are your thoughts on helping raise that internal business case with senior management?

Mark Lack: One of the best things we found from our own planning system is it told us exactly where we did not meet plan. And three months after the month, after the quarter, by the time everybody gets together starts reading on these numbers, the data stale, they told you exactly where you were and where you went wrong. But here you are into the next quarter, it's not telling you where you are headed.

What we needed was a system that was going to help us to forecast as well as plan and get us really on track to are we meeting our strategic goals, are we meeting our strategic objectives? It just became such a difficult proposition to extend and argue about what happened three months ago. So we needed to start arguing about what do we need to do today to impact the future and that's really a lot of value that we got out of the system.

Also because of the topsy-turvy raw materials markets we had, it was so difficult to try to get it re-planned because of the collation of the system Excel that we had to able to say and send out an e-mail or directive, we needed to have a new plan based on this. The assumptions are uploaded, we need this by next week. We needed to be able to do that, and the system allows you to do those sorts of re-planning based on not just a calendar, but a [trick of the bend].

Tony Levy: Yes, that's exciting. So better believe to anticipate kind of and shape our environment and also do it more quickly, but yet again, the common themes that we hear with our leading companies and clients. Laurel, do you want to add something to that, what advice can you give our viewers here as they try to put together an internal case for senior management?

Laurel Schechter: Well, we had a very similar situation to what Mark was describing as far as we didn't really have any reports that showed budget versus actual, and we had no reports that would show – Excels that would also show demand by adding in our open orders and our sales information to show where we were against what we had budgeted for and it took people a long time to get that stuff together in Excel because they would have to pull everything down from different systems. So we went to senior management talking about to them about how much time it was talking for everybody to be able to get these things together and there was no sort of button you could push and just have this information get out there and be available. And once we told them all about, they were on board very quickly with us deciding to go through with everything that we were going to undertake.

Tony Levy: Yes, that makes a lot of sense. If I could just summarize this one conversation here on this question is there are the dimensions of efficiency of reducing cycle time, access information more quickly and better staff leverage, better use of people's time, and then there is also the effectiveness dimension of better quality of information. The case of Mueller being able to kind of improve quality of forecast and so better decision quality, and those are really the building blocks for that business case for senior management.

Let's move on then to the next question. The initiative move into implementation, our work with our clients indicates that critical success factor is that IT and finance need to work as an effective team. What advice can you give our audience on how to increase the likelihood of an effective collaboration, what are some of the barriers and how can it be managed? Chris, do you want to start off?

Chris Gaffney: Sure. So, here at Donna Karan we maybe in the minority as finance actually administers the Cognos and planning and Cognos finance products. We generally use IT for things on the servers, for having an issue or if we need updates to be done, backing up things like that.

But for us we found that one of the keys was to be able to use the knowledge transfer when we were using consulting time to actually build these applications and putting a person in charge of being committed to that project and making sure that we could then administer and build and develop all of the applications as we moved forward, so that was a big key for us, which that person should have some IT knowledge but they don't need to be a technical resource per se. I think that may change as we move on to the biz intelligence product, but as of now we are basically running and administering the two products that we use.

Tony Levy: So in the case of DKI, the importance of having tools that are able to be managed by finance so that you know, models can be kind of created, modified by finance with IT providing some system support it was important for DKI, that's great.

Mark what was your experience at Mueller? What was the dynamic between IT and finance and how are you able to create an effective collaboration?

Mark Lack: In our case as well, we are very similar to DKNY is the fact that I managed for Cogno System and I am not in IT, I am actually in finance. So, we found that the tools are intuitive enough for finance people to design and implement and use. IT has provided support on the backend, the servers, the pipeline, being able to provide the transportation for the data and out to the users.

It was very important because at first IT was relieved that "Hey, this is not another software we have to maintain," but on the other side people are now calling finance for information instead of IT. So what we had to do is really look at it and say look, this is all for the good of the company. We have to work together because I can't get the data to the people without your help. And they need me to get the data that they are looking for modeled in a finance way that finance completely understands, and they need to be self sufficient as well. So we had to take it not from a turf battle that this is mine and yours and carve it up, it was really collaborative approach, and because we are all in biz for the good of the company what is the best information to get to people, how is the best way to get it and what's going to be the best solution? And Cognos has worked well for us and we get along great with our IT department in the set-up.

Tony Levy: Well, that's great. Well Laurel, you are in the IT department?

Laurel Schechter: I am in IT.

Tony Levy: What kind of perspective can you provide and how were you able to work with finance to make an effective project come to fruition?

Laurel Schechter: When we started the project what happened was we decided to go with the Cognos tools for enterprise planning and adjusted the IT for our finance department and I think at the beginning they may have been a little weary because they didn't think that we would understand what their needs were. So we also had a very collaborative effort with the finance department and really sat down with them and said okay, what do you expect from this? What are you looking for? What do you need our help with? And then we also let them take ownership of some of the information that had to be entered and get out there and talk to the regions and tell them what they had to do.

So we didn't sit on top of them all the time and tell them what they had to do. We gave them the tools. We had a great consulting company come in and help us and I think that because we worked very closely together and the fact we really understood what their needs were we had a successful implementation.

Tony Levy: Yeah that's great. What we are talking about here is the implementation of performance management solutions and it's really different than the implementation of an ERP System which certainly takes a lot longer and is a lot more complex, and so here I think some of the highlights are: finance, being able to use tools that are to some extent business self service, but yet then establishing a good collaboration with IT to make sure that all the governance and compliance, IT governance compliance issues are addressed, access to data from right places or in a controlled fashion, and then being able to roll it out to a wider group of people. That's exciting.

Let's move on to the next question for the panel and that is in this economy there is a premium on time-to-value. How quickly should companies expect the benefits from a performance management implementation, and what approaches should companies take to realize benefits as quickly as possible. Chris you want to start this off?

Chris Gaffney: Sure. I would say for us it was probably somewhere in the three to four month range and that included scoping out the project with the teams, each of the different divisions and the channels, going through developing some applications within EP and then testing basically in budgeting system from there. We took approach where we kind of went to the functional areas and built a specific application for them because it was wholesale versus a retail application versus a licensing application. So we would build a base system, have them go in and test it, go through it, and while they are doing, they are testing, we are moving on to the next group and developing.

So once I got comfortable doing the development and with the consultant, we actually worked on separate pieces, so we actually had me developing for one group, the consultant working in another group and as a request came in for changes or as those things were coming through we were actually doing those at the same time. So I think you could get some common applications going as you are working on those other things. So, I think being able to know your users, getting in going through the information. So, I think that if you get enough information up in the scope of the project and you get the buy in from the users, the quicker the benefit is going to be for them.

We also -- we tried to do as much as possible with business assumptions rather than trying to just make it a data entry point. So we tried to build into the system as best we could what drives that part of the business, what drives these numbers, what calculations can we come up with, what assumptions can we make to make those assumptions easy for the person to put in so that not only would that help on the back end but it also helps in the front end as you are creating the tool.

Tony Levy: That's great. So working closely with the users, it's possible to get a first "go live" within about three to four months--that is quick. Mark, what kind of experience did you have at Mueller?

Mark Lack: We had a very quick. We first started with the analytic applications for J.D. Edwards which they touted as a 30 day out-of-the-box solution, and if anybody has ever had an out-of-the-box solution they can kind of grin as they think of it.

The surprising thing was they had it up and running in about 10 days, this is incredible. Why did you say 30, if it's only going to take 10, and it does well. It depends on your data structure and how clean your data is but the system just plugged right into our existing ERP Systems we got the system up and running fairly quickly.

Now, just like Chris said earlier, 60 to 90 days is when you are really going to start getting some value because once you get through the testing and you start to get users looking at the system and feeling comfortable because everybody has got their own information system as it is now, their own sets of reports and as you start to get people to transfer over, it takes a little bit of time.

But what we found was that it was a very quick implementation for us, or many of the modules that we did. But at the end of the day, the value was almost immediately there. The display, the value of the data, the quickness in getting it to the users, people just started loving in using the system almost immediately. But to be realistic, I really think 60 to 90 days after the implementation is when you'll really start to see people just wowed by the data, wowed by the system and really start to use it.

Tony Levy: That's exciting. So, focus on quick implementation and then expect value within 60 to 90 days, that's great. Laura, what was the experience at Moët Hennessy you were saying?

Laurel Schechter: We really have found that if we start on a smaller scale of things that we usually have a lot more success. So we started on the planning side with putting in our budgeting information. In this way, I think within almost a month we had everything up and going as far as that was concerned. And then, everybody was able to see the benefit of that at the time we even have reports running and then we jumped into that the pricing aspect of things, which took a little bit longer but we were able -- since we were able to get the stuff out there and people could see it very quickly, we got a lot more user buy in, and I would say, I would also agree with both Mark and Chris that between three and four months is about the time it takes with testing and being able to get everything else there.

Tony Levy: Yes, that's great and again this is not like implementing ERP that takes -- is measured in years, but this is really measured in months and to expect to see benefits within 60, 90 days of going live.

Let's move on then to our final question here and this is an opportunity for each of you just to share a little bit of the direction of your future plans, where are you going network process and technology enhancements. Chris, do you want give us some idea at DKI?

Chris Gaffney: Sure. We still have a few initiatives to tackle in Cognos Planning, one of them was going to be for 2010, it was going to be the three to five year planning which we managed to do in about three to four weeks earlier this year. We got to a point where management came and said, okay, we need to have a three- to five-year plan and Paris is telling us that we needed within the next five weeks. Our users then had a small revolt and said, we can't do this without using Cognos. So it was a good thing and a bad thing at the same time. But we -- was able to develop a much smaller scale of the application, but also be able to do all the allocations and all of the things that were taking an exorbitant amount of time and get that done within three to four weeks as I said.

So in planning for the future, we are in the midst of getting our balance sheet and cash flow together. For Cognos Finance, we do have it up and running, do have some of my users using it, but we haven't really gotten everyone on board as far as using the tool, to replacing some of that repetitive monthly reporting that they are doing, that they are downloading from J.D. Edwards into Excel through text files and things of that nature. And then we are also looking at using Cognos BI to be able to look at the management data rather than just finance, so bringing in a whole different community into the process and giving people tools that they can actually make some business decisions with.

Tony Levy: That's great, Chris. So, it is great to have a surprise sometimes on initiatives based on prior expectation that anecdote about the three to five year plan is a little welcome surprise. Mark, where was Mueller going from here?

Mark Lack: We plan on upgrading to 8.4. We are actually in the process of it right now. My IT Department started on Monday, and so by Friday I should be up and working with some of the models to determine some testing environments. So we're pretty excited about how quickly that's coming on.

One of the things that we have found is that once you start giving a lot of great reports and information to people, they are not satisfied, they want more, because they see how dynamic and how quick they can get data in a way that they had never really imagined they were able to get before. So they started asking for some more complex and more difficult reports to come up, which actually I think is a very great thing. So what we're finding is that we are getting deeper into our operations reporting down to shop floor level. People want to know information and metrics and just different relationships of different inputs and variables and outputs that we can provide in near real-time to them. So we're going to go from a management process reporting at a high level down to a shop floor level using Cognos system. We're very, very excited about that.

Tony Levy: Yes, that's a common theme as well, moving really beyond finance into operations more deeply and letting the users really create the demand for a more pervasive set of capabilities. What are the next steps at Moët Hennessy?

Laurel Schechter: Well, as Mark just was talking about they are in the process of upgrading to 8.4. We are actually starting our process tomorrow, so we are actually looking forward to that and taking advantage of some of the new functionalities that Cognos 8.4 has.

Right now our planning and pricing information is working very smoothly and I don't think that a lot of our user community knows what data is out there, so what we plan on doing is going to each of our different areas: marketing, sales, even back to finance and operations and finding out what information that they don't have that they would like to be able to have in some easy to run report. So that's kind of our big initiative for the last few months of the year to upgrade to 8.4 and then really try to find out where we might be lacking in putting out data for our user community.

Tony Levy: That makes a lot of sense. Well, we could go on for another hour, but we are out of time. Performance management is clearly a journey and I think the examples here at DKI and Mueller and Moët Hennessy USA are examples of that. Thank you again Chris, Mark and Laurel for sharing your insights and recommendations to our audience on how to drive improved performance management practices to our viewers. We hope you received value from the session. Have a great day.