

Putting the pieces together Using package integration to help a large global conglomerate act as one company

Introduction

After an extended period of aggressive growth, one of the world's largest consumer package goods companies faced tremendous challenges, with a falling stock price and eroding market share. Because the company was essentially operating like a holding company with many business units rather than a single organization, it was not realizing the full power of its size and global reach. Smaller niche competitors were able to be more responsive to customer needs, aggressively chipping away at market share for each of this company's businesses.

Management undertook an aggressive two-year strategy to reshape the company as a single unified organization – one company rather than a collection of different groups. They needed an enterprise-wide solution to play a key role in this effort to regain competitive advantage within the company's Retail and Foodservice businesses - one that could enable important connections across units, helping to centralize and consolidate critical business processes.

Challenges

With a diverse set of business strategies, processes and IT systems, this company suffered from a lack of visibility into fundamental business processes. In some cases, this led to situations in which business units competed against each other, underbidding one another without even knowing it. Because business units weren't integrated, customers would often be visited by several sales people representing different parts of the same company, when a single sales representative would have provided better, more efficient service.



This situation also led to unnecessarily high transportation costs, with multiple trucks shipping different items to the same destinations. Individual customers received multiple invoices. Tracking and managing trade promotions consumed an inordinate amount of resources. These are just a few examples of the ways in which organizational inefficiency and a lack of visibility into processes handicapped this company every day.

Solution

To solve this problem, the company faced a fundamental choice: should they implement a single, cutting-edge solution to integrate business processes across silos, or pursue a strategy of linking existing solutions to be more effective? After thoroughly investigating their current and future business needs and analyzing the existing technology portfolio in place to support these needs, this company determined that an overarching ERP package was the right approach.

Implementing and integrating this package was a considerable challenge due to the size of the company and sheer number and variety of requirements across business units. Deloitte was asked to help the company in its efforts. Our first step was to help the company determine and prioritize what package functionality needed to be deployed across the enterprise, and when. This process culminated in a comprehensive rollout plan that delivered the greatest value up front, while laying the foundation for transforming the entire enterprise throughout the life of the project. After securing buy-in throughout the organization for this plan, we helped the company jump-start the implementation, leveraging core package strengths and effective industry-specific practices.

Because it was impractical for a single package to replace the functionality provided by many of the company's existing solutions, it was important to integrate the package with many legacy systems. As a result, the final solution relied heavily on an overarching ERP solution, but was supported by an ecosystem of other commercial and homegrown solutions, all connected through an integrated, services-based architecture. The solution addressed a host of core business processes, including:

- Order-to-cash
- Record-to-report
- Forecast-to-deliver
- Trade promotions management
- Contact management
- Indirect procurement
- Business Intelligence
- Master Data Management

With more than 500 team members around the world responsible for making this package implementation an ongoing success, organizational readiness was an important part of the plan. We introduced change management practices that helped the company quickly assume day-to-day responsibility for maintaining the new solution after implementation.

Results

With a new ERP solution in place to help this company operate as one, it is on track to realize more than \$350 million in cost savings, with results in three main areas:

Organizational change

- Significantly simplified the organization, aligning geographically with customers and consumers
- Created global “centers of excellence” to link teams all over the world

Cost restructuring

- Centralized IT, procurement and services
- Established new enterprise management processes in areas such as planning, incentives, performance management, sales and operation planning
- Rationalized the technology infrastructure

Centralized business portfolio

- New Project Management Office (PMO) adds a disciplined approach to spinoffs and new investments
- Identified and sold several non-core businesses
- Created an integrated operating company combining Food & Beverage and Food Service business units

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