



Major European Forklift Truck Producer Uses Lawson Tool to Predict ROI and Gain Employee Buy-In

A strategic management tool, Opportunity Analyzer, has helped BT Europe's management to prioritize its needed IT investments and at the same time ensure employee commitment to the change and improvement process.

"With Opportunity Analyzer, BT identified 81 possibilities for improving our business in 14 different areas of the company. This is valuable for us and helps us improve competitiveness in a period of strong growth and ongoing restructuring,"

Palm, Vice President Finance, BT Europe



"An important success factor is the ability to steer money and key personnel to the projects that are most profitable for the company as a whole. Opportunity Analyzer makes it easier for us to work with a large number of prospective projects,"

Lars Sonnert, Project Manager for Opportunity Analyzer, BT Europe

Background

Like BT Europe, today an integrated part of Toyota Material Handling Europe, many businesses today are finding that earnings are not growing at the same rate as turnover. BT Europe, a manufacturer of forklift trucks, recently realized that it needed innovative thinking in relation to efficient, standardized processes.

Historically, BT has been a leader in investing in new technology (including mobile ERP) in order to improve its business. Strong growth in recent years has put many of the old local business routines and processes under pressure. Internal restructuring and new logistical concepts that often require new investment or upgrades in IT also complicate the picture for management.

BT Europe has a complex business model with many IT systems and a geographical spread over Europe. This makes it difficult to evaluate which projects will create significant improvements for the business.

BT decided it needed a way to evaluate what it would get out of upgrading its ERP system.

Since the main task of company management is to make the best possible use of its resources, and to create the best possible return for the company, it is important to have a consistent method of calculating the potential profits of projects. A "business case by business case" assessment might sound like the solution, but these are prepared by different people using different methods and models and can only consider profits within the scope of each individual area. How, for example, does a company compare better delivery reliability, reduced stocks, and increased sales?

It is one thing to identify and quantify value, but another thing entirely to realize it. The other question BT faced was: How could the company ensure that employees would work according to the new business routines/procedures (best practices) that would be introduced with the new technology necessary to improve the company?

The Solution

These were the questions faced by Claes Palm, vice president finance, BT Europe, when he was introduced to Lawson Opportunity Analyzer:

Opportunity Analyzer is a strategic management tool that allows companies to identify the potential long-term savings to be gained from investing, for example, in a new IT system.

The management tool has a built-in method, Opportunity Analysis, that supports the actual process. Using a built-in calculator, all improvements are translated into process-driven profitability (PDP) in order to be able to better prioritize each individual project. All key economic figures are reflected and can easily be simulated and phased in over a period of time.

The process included 12 countries and 14 different major areas in which leading employees with relevant experience took part in a number of workshops. Most of these took part in Copenhagen, where the international airport and BT Europe's office facilities at Island's Brygge made the city a natural choice in terms of logistics.

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Mapping

The first part of Opportunity Analysis took place in the traditional manner, with data gathering with a view to creating an overview model of BT Europe in Opportunity Analyzer. This included economic data divided between departments, supply chains and product groups, and an analysis of company processes (based on the Supply Chain Operations Reference, or SCOR, model).

Participants in the first workshop verified and adjusted the model. It was in the first workshop that the real cost allocation from department to process/activity level took place. Here the SCOR model was used partly because this standard model allows for benchmarking, with a baseline model that allows for countless simulations of a financial nature.

Targeting

Opportunity Analyzer identifies problem areas that can then be discussed by participants, along with the best practices recommended by the application. Key Performance Indicators (KPIs) are also linked to the process, so that it is known in advance how these can be followed up. The responsible managers are also involved in the improvement plans.

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An Opportunity Analysis normally takes place over a six-week calendar period, with two to three workshops per area, but the process was extended for BT Europe with several repeat workshops, partly because so many new ideas came out of the “Target” workshop.

Planning

A phasing-in of results could also be easily fed into Opportunity Analyzer. For example, 30 percent of the effect would be seen one year after the introduction of a given best practice. After two years, 75 percent would be seen, and so on.

It is important that those who are involved in realising the goals are involved in the process. After the Opportunity Analysis results were presented to BT management all opportunities were documented and grouped according to the same principles, so that the business cases were based on uniform criteria.

This method of taking a uniform, overall view of improvement initiatives for the whole company made it possible for BT to prioritize its investments.

BT Europe is currently implementing selected projects/changes that were identified by Opportunity Analyzer. For each project, the expected result, the relevant KPI, and the person responsible have been defined, so management can monitor the progress of the operational improvement.

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The method's strengths and advantages

One of the advantages of Opportunity Analysis is the employee "buy-in" experience. Employees are involved far more than in a traditional management consultancy approach in which numerous interviews end up in a report seen only by management.

With Opportunity Analyzer, employees can immediately see the results of their own ideas. They choose the best practices that they believe will solve the problems that they face on a daily basis. Similarly, they learn from each other in the open workshops and can evaluate the predicted improvements in their own departments.

Traditionally, each area in BT has requested financial resources for new IT systems or upgrades for their own areas, without looking at the needs of others. In the course of the Opportunity Analysis process at BT Europe, sales personnel could see that in key areas they would benefit from allowing investments to benefit production. Shorter lead times would eventually mean more sales, for example.

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About BT Europe

BT Europe, an integrated part of Toyota Material Handling Europe, is a world leading forklift manufacturer. The BT group, with its headquarters in Mjölby, Sweden, has 8,900 employees, offices in 70 countries and annual sales amounting to approximately SEK 15 billion. The group is divided into three parts: BT Europe in Western Europe, with twelve sales companies and four factories, BT Raymond in North America, and BT International in the other parts of the world. For more information see www.bt-europe.com