



2012 PMI PROJECT OF THE YEAR AWARD FINALIST

BEHIND



BY KEITH JACKSON II



THE



SCENES

ONE OF THE WORLD'S BIGGEST MANUFACTURERS OVERHAULS ITS SYSTEMS AND PROCESSES—WITH FEW IN THE OUTSIDE WORLD EVER NOTICING.

Bruno Pont, left, and Francisco Fraga, P&G



Large systems at the core of even the biggest, and most successful, businesses sometimes need upgrade projects fraught with risk.

That was the challenge facing Procter & Gamble (P&G), the global consumer products company, when it needed to enhance its nearly 20-year-old ordering, shipping and billing software and work processes.

This was no simple IT patch, however: The system served the very heart of P&G's US\$84 billion business. The company knew it had to identify, mitigate and manage any and all risks to the new system.

"This was the equivalent of heart transplant surgery," says Bruno Pont, P&G associate director of global business services, Geneva, Switzerland.

PHOTO BY LEANNE SCHERP

Covering North America, Europe and 150-plus export markets, the project would directly impact a diverse portfolio of 250,000 products that includes everything from laundry detergent to pharmaceuticals to snacks. In a single day, the IT system typically juggles 18,000 orders shipped to 150,000 retailers on 8,000 trucks—accounting for US\$200 million in revenue.

Any glitch would generate unwanted attention and potentially mean a hit to the bottom line.

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THE START OF SOMETHING NEW

The original plan called for a simple IT upgrade project, but that changed as P&G leaders recognized the project's potential to produce more benefits. Implementing a new, more sophisticated system could also help the company minimize lost sales, create efficiencies in the supply chain and drive down costs across the enterprise.

"These were all incredibly important issues that the company needed to address," says Mr. Pont. "This project provided an excellent opportunity to not only fix an outdated system, but also to move the company forward."

The P&G project was launched in 2009 with two driving goals: to collect and respond to feedback in real time and thereby create more compelling promotions and increase sales, and to identify the best ordering, billing and shipping processes for shipping products to target locations.

To ensure the revamp would align with those business goals, P&G's global business services group created a project charter that included a business case, project assets, enterprise environmental factors, and a summary milestone schedule and budget.

"We knew it would be a project that would take several years," says Patrick Arlequeeuw, P&G's vice president of global business services, Antwerp, Belgium. "We spent some time on making the business case: What did we want to get out of it? What were the business capabilities we wanted to have? What is the investment and return needed as such? The interesting part is that the preparation time was almost half the project."

Sight Unseen

The P&G team rolled out the transformation of the work process, organization and systems in waves for a given set of geographies (in Western Europe) or customers (in North America).



P&G'S DAILY ORDERING, SHIPPING AND BILLING PROCESS



The team also created a project statement of work that outlined the business needs and scope description. The overriding message was clear: The system would protect business continuity, deliver computer cost reduction and improve governance.

WORK THIS OUT

The project was one of the largest in the company's history, and carried great risk along with the potential for big benefits. The team took a good, long look at what could go right—and wrong.

"We looked at three sources to identify our risks," explains Francisco Fraga, director of IT, P&G, Cincinnati, Ohio. "First, we really looked at what has gone well or not-so-well in other previous implementations in other companies. So, we really looked externally to learn from those."

"At the point we'd started this project, we'd already done 70 smaller successful implementations of the software in the order, shipping and billing area of P&G, so we had a wealth of knowledge internally."

"Finally, we reached out to our retailers, and I personally met with many of our top retailers in North America to understand their own experiences with other vendors that had gone through similar transformations."



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—Patrick Arlequeeuw, P&G, Antwerp, Belgium



- From these discussions, the team identified three major risks:
- Loss of business due to an inability to process orders in a timely way
 - Loss of credibility because of a lack of quality in the shipping process
 - Loss of sales as competitors took advantage of the transition

To mitigate and manage those risks, P&G introduced a board that included three of P&G's five regional presidents, along with all 14 of P&G's business unit presidents.

The move proved vital. Amidst one major acquisition deal, for example, the board identified potential human resourcing issues that could have thrown off the project. To minimize disruptions to the schedule, P&G reallocated staff from other areas of the company.

Given the complexity of the project, P&G also implemented a central technical and project management office team in each region. Local market teams mostly gathered in country head offices, but collocation of big parts of the teams was required for critical weeks such as training and integrated testing.

To build *esprit de corps* among the team members in more than 50 countries, leaders implemented networking events when central and local resources were mixed for specific project periods. They also encouraged management visits that featured inspirational speeches, milestone recognition and celebrations for the completion of particular phases.

NOW OR NEVER

With the project encompassing thousands of customers, products and retailers



Watch a video case study of the Procter & Gamble project on the PMI YouTube channel.

PHOTO COURTESY OF P&G

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—Francisco Fraga, P&G, Cincinnati, Ohio, USA

from small shops to one of its largest global retail partners, the team kept a keen eye out for features being added. “With a project like this, it is so easy to add scope,” says Mr. Arlequeeuw.

Looking to keep the project on track, the team established a set of global workshops to refine the scope as the project progressed.

Headed by a business leader, a subject-matter expert and an IT leader, the workshops used techniques such as brainstorming and mind mapping to document potential gaps in scope. The results allowed for planning, tracking and reporting of any given requirement throughout the project life cycle.

The board also discussed possible project enhancements—and dug deep to see if the potential benefits were actually worth it.

As implementation drew closer, P&G conducted vigorous testing to simulate the daily order cycle. Once the system was ready, the team executed the rollout in three waves.

To keep things running smoothly, so-called “war rooms” let team members “stay on top of what was going on inside the project and react to anything out of the ordinary,” says Mr. Pont. The goal was to communicate everything that happened on the first day of implementation to other teams across the world.

“This project was all about changing everything with the external world not noticing at all,” says Mr. Pont.

It worked.

“One of the things I feel very proud of was how we were able to mitigate the risks successfully and really be able to have a zero impact on the day-to-day operations of our business and our retailers,” says Mr. Fraga.

Shipping times and customer satisfaction improved with the new system—though to the outside world, it just seemed like business as usual. **PM**



Bruno Pont, left, and Francisco Fraga, P&G

PHOTO BY LEANNE SCHERP