

RICOH UK PRODUCTS LTD



RICOH
Image Communication

“COGNOS DELIVERED ON ALL THEIR PROMISES ... WE COULD NOW REALLY IMPROVE THE PLANNING PROCESS AND ULTIMATELY THE FINANCIAL PERFORMANCE OF THE COMPANY.”

—JOHN GITTINS, FINANCE MANAGER, RICOH UK PRODUCTS LTD.

RICOH LEADS EU MARKET WITH COGNOS ENTERPRISE PLANNING

When a company is an industry leader, the challenge to remain on top is constant. To ensure performance at the highest level, Ricoh bases manufacturing processes at its UK facilities upon principles of lean thinking and continuous improvement. Ricoh's success in the UK was recognised at the 2002 Midlands Excellence Awards Ceremony, where it won the award for Best Large Company. The aim of the Awards is to encourage companies—large and small—to improve

best practice business performance in all aspects, including financial management.

Ricoh operates a continuous improvement methodology throughout the organisation (on both business and production sides) to encourage staff to participate in process enhancement. The vision to transfer collaboration and performance improvement to the financial planning process led to the search for an alternative to a tortuous, inaccurate spreadsheet-based approach.

DRIVERS FOR CHANGE

Finance manager John Gittins joined Ricoh UK with extensive experience in financial management of manufacturing companies such as ABB, where he had experimented with a variety of planning approaches. Proceeding from the link between effective planning and successful performance, Mr. Gittins explains some of the drivers for a new planning system.

“Lean thinking encourages organisations to apply just enough resources to a situation to produce the desired result. Establishing rolling forecasts resulted in nearly continuous finance team involvement. In keeping with lean thinking principles, we needed to eliminate waste from the forecasting process and strive to add value. Spreadsheets were not a viable planning tool, and they not only wasted finance department time and effort, but also delivered misleading results. Our examination of the market started with the desire to eradicate the use of spreadsheets for planning.”

RICOH UK PRODUCTS LTD

European manufacturing subsidiary of Ricoh Group Japan supplying the European marketplace with mid-range copiers, toners, photoconductive drums, and recycled copiers

Industry

- Manufacturing

Geography

- UK and Europe

Planning requirements

- Rolling forecasts that allow decisions to reflect current business conditions
- Improved financial analysis
- Access to faster, more accurate information
- Improved collaboration and participant ownership
- Improved collaboration and participant ownership

Previous system

- Spreadsheets

System solution

- Cognos Enterprise Planning

Benefits

- Reduced planning cycle by 77 percent
- Increased collaboration cross enterprise
- End-of-month actuals reports in seven days

COGNOS®

THE NEXT LEVEL OF PERFORMANCE™

Ricoh UK also wanted to increase their capabilities to achieve collaborative planning. As Mr. Gittins explains, “We believe that best practice planning should **not** be in the hands of a small group. We are committed to changing this to make planning more participative and collaborative. We wanted to increase the number of managers involved in the planning process without suffering the inconsistency and unreliability of spreadsheets. We wanted to offer departmental contributors a fast, flexible input mechanism that would reflect their view of the business, so they would easily recognise and buy into the published plan.”

With these criteria in mind, Ricoh examined the market for a planning solution that would effectively re-engineer the financial process, achieve the objectives of agility and collaboration, be fast to implement, need little input from IT, and deliver tangible ROI in a defined period. Four planning software companies were invited to present alternatives for meeting Ricoh’s rigorous requirements. After evaluating vendor proposals, Ricoh found it relatively easy to decide in favor of Cognos Enterprise Planning (the former Adaytum product).

COGNOS IMPLEMENTATION

The Ricoh implementation required ninety staff days over a period of twelve months and—as promised—required almost no input from the IT department. The Ricoh finance team felt immediate ownership after only two days of Cognos consultancy. Says Mr. Gittins, “Cognos delivered on all their promises and we felt confident that we could now really improve the planning process and ultimately the financial performance of the company.”

An immediately visible benefit was a reduction in the planning cycle itself. Previously the quarterly rolling forecast took three months to complete, leaving almost no time for analysis and subsequent action. The forecasting process was reduced by 77 percent—to just three weeks—lifting an immense resource burden from the finance department. The Ricoh team now feel that they can add more value through analysis, providing a greater feeling of control as well as enhanced decision-making capabilities. For example, they can now drill down into overhead cost variances and identify their cause.

WITH COGNOS ENTERPRISE PLANNING

- Ricoh can communicate a clear top-down plan (targets) balanced by bottom-up detail (reality) while reducing planning cycle by 77 percent.
- Ricoh has achieved increased Web-based collaboration resulting in the agreement of all planning data and ownership at departmental level.
- Ricoh enjoys heretofore unavailable visibility of targets to all contributors in the planning process.
- Ricoh can report and publish monthly actual results against plans within seven working days of month’s end.
- Ricoh can publish business information to headquarters in Japan within seven working days.

“Preparation of a forecast using contributions via the Web all across Ricoh can now take as little as five minutes to create and disseminate, rather than several days. At the same time, we are able to expand our forecasting to a level of detail that would have been previously impossible,” says Mr. Gittins.

COLLABORATION IS KEY

Having achieved its first objective, the Ricoh finance team then focused on improving collaboration within the planning process. As Mr. Gittins explains, “Cognos makes collaborative planning a reality by allowing those involved in the forecasting process to share their colleagues’ contributions. For example, much of our engineering is project-based. Previously a ‘toner engineer’ would not be able to see or learn from other engineers’ forecasts even if their suppliers and pricing were very similar. But with Cognos Enterprise Planning, all our engineers can share such information and gain valuable insight into their colleagues’ projects, saving time and uncovering potential cost savings.”

In addition to collaboration within departments, Cognos Enterprise Planning allows cross-departmental collaboration on plans. “For the first time,” says Mr. Gittins, “we can tie real-time production demand forecasting with our manpower planning data. This kind of integration of operational planning will increase understanding across departments, cut costs, improve staff scheduling, and help to safeguard production.”

COGNOS EXPANDS PLANNING FUNCTIONALITY

In the near future, Ricoh plans to use Cognos Enterprise Planning to generate standard production cost data to the individual product level. For example, through the integration and mapping of actual cost data with headcount plans, Ricoh will be able to accurately anticipate the labour costs associated with future production volumes.

After setting production targets and standards, the next step will be to provide daily production cost monitoring over the Web. This will allow daily cost variances to be managed “real time” alongside a Cognos-based downtime capture system for detailed analysis of labour variances.

In addition to Web-based planning, Ricoh is close to establishing end-to-end publishing of real time information via Web-based reporting. Plans will be formulated and shared over the Web and then analysed and published using Cognos business intelligence tools in a fully integrated process. Having eradicated spreadsheets from the planning cycle, Ricoh will remove spreadsheets from financial and information analysis, which in turn will further improve operational performance and results.

Having used Cognos Enterprise Planning to set its direction, Ricoh is examining the potential of Cognos Metrics Manager™ to establish process targets at a departmental level that mark the path to achieving strategic goals. The result will be an ongoing organisational health-check by tracking day-to-day progress against plan, and provide the final component in a fully integrated corporate performance management system.

ABOUT RICOH UK LTD

Ricoh UK is the market-leading supplier of document management, printing and copying solutions. It is committed to outstanding service and support, delivered by motivated employees, providing customers with tangible business benefits.

WHY COGNOS?

Only Cognos delivers a complete range of integrated, scalable software for corporate performance management. Cognos products let organizations drive performance with enterprise planning and budgeting, monitor it with scorecarding, and understand it with business intelligence reporting and analysis. Founded in 1969, Cognos now serves more than 22,000 customers in over 135 countries.



WWW.COGNOS.COM

Cognos, and the Cognos logo are trademarks or registered trademarks of Cognos Incorporated in the United States and/or other countries. All other names are trademarks or registered of their respective companies. (10/03)