

CUSTOMER CASE:



Marshall Paint, located in Kocaeli, Turkey, is a sub business unit of the Akzo Nobel Corporation, which is producing 70 different brands of coatings all over the world. The company was established in 1954 and became a public limited company in 1990.

It has over 450 employees and boasted a turnover of €72m in 2003. Marshall manufactures indoor paints, wood and metal paints, exterior paints, wood stain and varnish, special products, putties, adhesives and thinners. As the market leader, they established a joint venture with Akzo Nobel in 1998.

'There's Life on MARS* – and That's a Fact!'

(* = Marshall's Strategic Scorecard System)



Company level targets are now aligned to departmental and unit level targets and also for capital management".

*Mr Isoglu,
Strategic planning unit
manager.*

Lacking a systematic methodology

The trigger for starting a performance measurement in Marshall was the lack of a systematic methodology in place for the strategic planning of the company when the company was going through its annual budgeting processes, annual sales planning and new marketing planning procedures.

A team was formed to address this problem and their first objective was to standardize the strategic management process of the company. The second objective was to standardize the measurement systems and then to link the company performance with individual performance.

Corporate level project from the beginning

The team wanted the project to be considered as a corporate project and to be sponsored by the general manager. A strategic planning unit was formed and the project was named 'restructuring the strategy management process via scorecard methodology' and after six months they were practicing corporate level scorecarding, which was designed in excel sheets.

The team practiced on a management level, setting corporate targets, making monthly overviews and proving the reliability of the results.

This led them to select an external consulting company in the shape of Ironman Consulting to assist them in selecting additional software. QPR was therefore not on Marshall's agenda in the beginning.

QPR leading the rest

According to Mr. Isoglu the language option was beneficial, which they have in Turkish. (QPR's local partner Ironman Consulting has designed the Turkish interface). He also acknowledged that the relationship between targets, scorecards and action plans are other advantages they make use of.

Cross-referencing is another option that the company utilizes to the best of their advantage. Mr. Isoglu can therefore assign the same targets to more than one department at the same time by creating one single element. Creating automatic links from their data warehouse to QPR has been employed using this function and the results of their core business processes are now updated daily.

The software was also noted to be the most practical and user friendly.

"We evaluated several software alternatives before purchasing QPR software. The results were very promising and QPR seemed the best alternative based on Value/Cost proportions".
– Mr. Ali Isoglu, Strategic Planning Unit Manager.

Structured management routine and directed by indicators

Once the project was up and running, they first tried weekly management overviews, which involved the general managers and the departmental managers. This proved too soon and was changed to monthly overviews that have now been in place for six months.

During these meetings, which involve the General Manager, Strategic Planning Unit and all the departments to-

gether, the general scores and actual results for that month are reviewed. They not only look for the poor performing indicators but also for the best practices (the green scorecards). This has now become management routine.

Impressive cost savings and capital management

According to Mr. Isoglu, improvements at Marshall can be classified into two: The first are those that are measured quantitatively, which can be expressed at profits, sales and cost savings.

The second are the qualitatively measured such as organizational and systems improvements. In the former the company also experienced impressive improvements in capital management.

As with many global companies, costs saving objectives have been on the agenda of Akzo Nobel for more than 5 years.

Due its implementation, the team can easily show the progress of the scorecard project by providing current data on resources saved.

The company keeps track of every process improvement project on QPR, assigning responsibilities to certain managers. The historical data of the projects are stored even when the project is closed, therefore, they can see if the savings are positive or remain the same.

Towards the future

Marshall is next planning to link the scorecards to their incentive system.

"We have already linked sales staff individual scorecards to the incentive system this year"
Mr. Isoglu adds.

Pioneer in Turkey

Marshall's Scorecard project is a nominee for the Balanced Scorecards Collaborative award for Asia and Pacific for 2004.

Ironman Consulting, a partner of QPR in Turkey, encouraged them to make an application for the award since Marshall now has quite a large model consisting of corporate, departmental, unit and individual level scorecards, project scorecards and process scorecards that are standard outcomes or standard indicators of their business processes.

Their risk maps are linked to all scorecards and all action plans corresponding to internal and external audits are designed and kept track of on the action side of QPR scorecards and also have over two years actual data.

Such a structured scorecard model does not currently seem to exist in Turkey.