

Visibly better business processes through strategic initiatives in digitalization and streamlining

Henrik Schriver, speaker at QPR Conference 2018

What you will learn during the presentation:

- Understand your business before you start to align and change - How to identify process user, process owner and their correlation seen from the customer perspective.
- How to ensure one available truth, and be able to communicate it.
- How documentation becomes a relief for your organization - And releases time to do what you do best.



DIGITAL TRANSFORMATION IN STARK

INTRODUCTION TO MIMER

ABOUT STARK GROUP

- **STARK GROUP** is the largest retailer and distributor of building materials in the Nordic region

4
COUNTRIES

180
STORES

4,844
EMPLOYEES

180 BRANCHES

 **NEUMANN****15**

Revenue 7%

**27**

Revenue 25%

**72**

Revenue 42%

**66**

Revenue 26%

WHY?

Our Challenges

- Last documentation was from 1996
- Our business is not frontrunner in relation to digitalization
- High degree of anarchy
- E-mail rules
- Unclear expectations

Ownership

- In 2005 acquired by an equity fund
- 2008 sold to Wolseley, UK, Plumbing
- 2018 Sold to Lone Star, US, Equity fund

Legacy

- Until 2005 a voluntary chain
- Shared Purchase, Marketing and IT

Main driver

- This project started in 2016
- We had just started auditing all branches to comply to a certain standard mainly focusing on safety

APPROACH AND GUIDELINES



From Complexity

To Simplicity

We are implementing a new strategy

Core focus is to optimize sales

Simplicity in our business will release time to focus on sales



Overview

Interaction

To create simplicity we have to start by creating an overview of our complexity

We need to understand how interactions are between the different functions of our business



Understanding

Align and clarify

By understanding interactions we have the base to optimize and time our efforts

A shared understanding will help us to identify areas for alignment and clarification



Solid Foundation

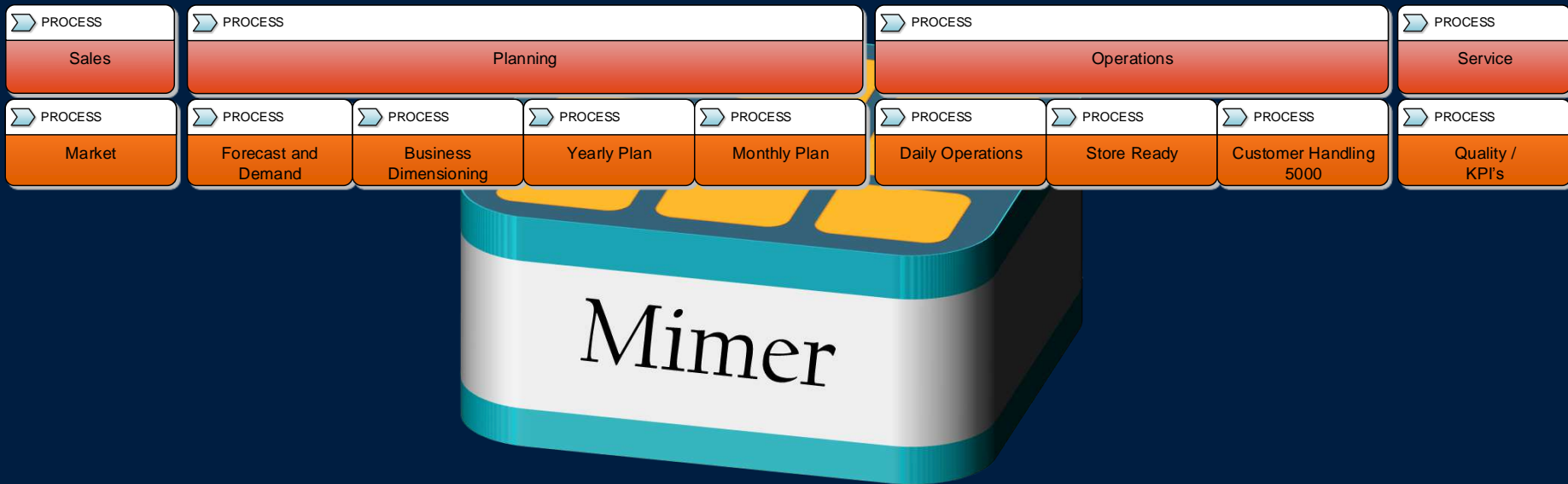
Focus on Core Business

Alignment of our processes will create a solid foundation and strengthen the way we work

It will become easier to fulfill daily tasks, introduce new employees and focus on our core business

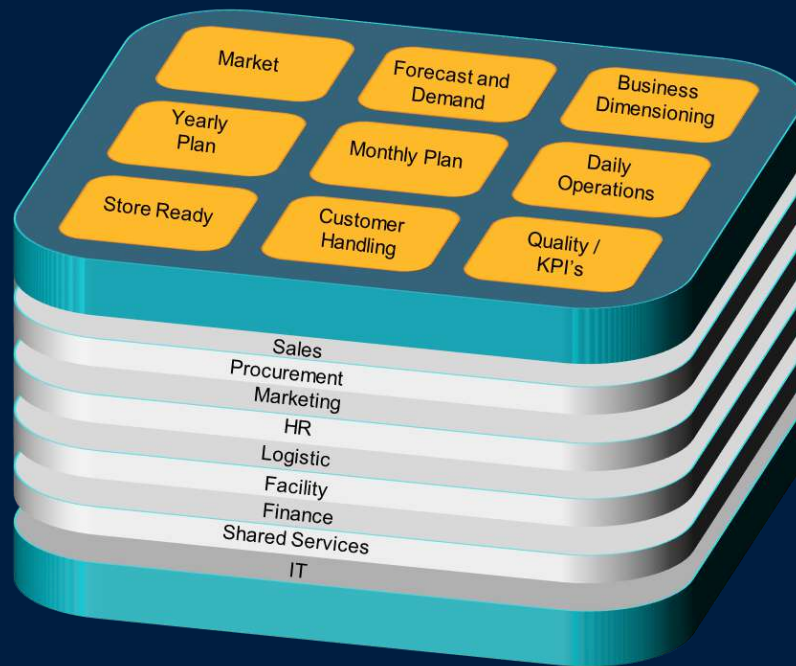
STRUCTURE OF THE BUSINESS PROCESS MODEL

- The Value chain seen from the customers perception

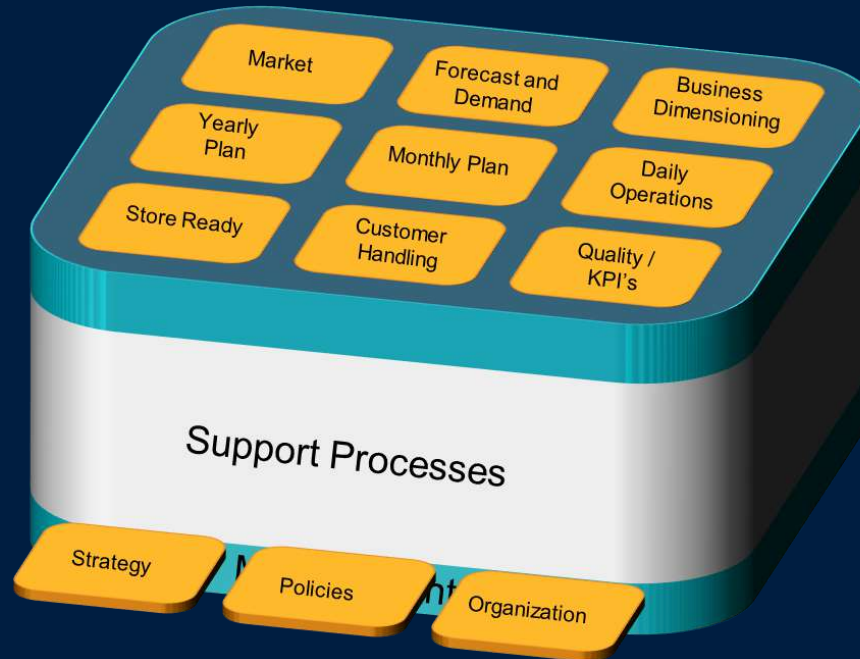


SUPPORT PROCESSES

- Align to support operational effectiveness

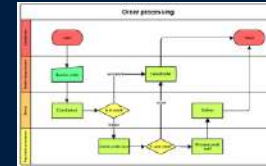
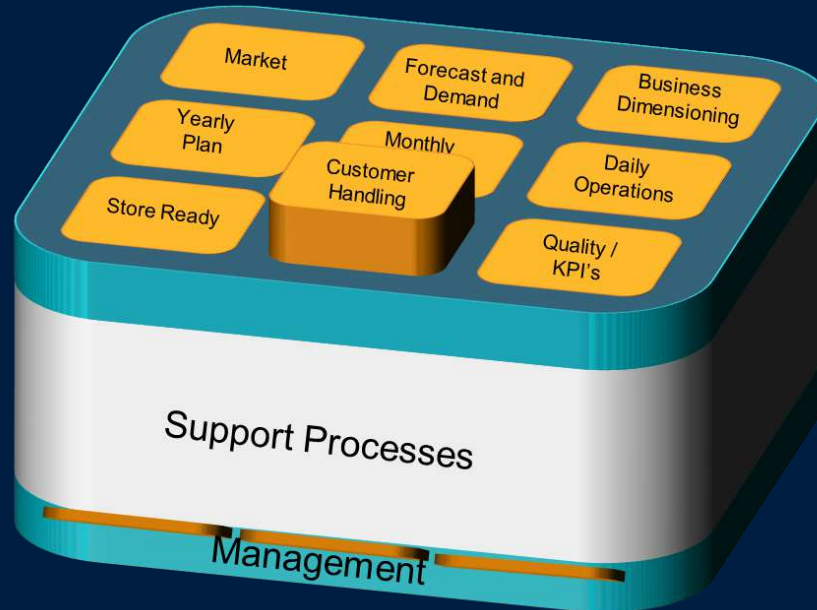


CREATING OF THE SKELETON



- Optimized and aligned processes

The Mimer will become the one place to search for knowledge on how to run our business.



THE VISION

Simplify and align

- Communicate
- Ensure a certain standard
- One truth
- All processes documented
- Two system approach:
 - Customer related information: CRM
 - Business information: Mimer

Optimize

- Best Practice
- To-Be – Process Level 3
- System Challenges

Identify

- How are things done?
- As-Is – Process Level 3
- Existing material

Document

- Documentation – Process Level 4
- Update and link to User Manuals – Process Level 5

CUSTOMER FOCUS

Business Process Model

Value chain Level 1	PROCESS Sales	PROCESS Planning				PROCESS Operations			PROCESS Service
Process Group Level 2	PROCESS Market	PROCESS Forecast and Demand	PROCESS Business Dimensioning	PROCESS Yearly Plan	PROCESS Monthly Plan	PROCESS Daily Operations	PROCESS Store Ready	PROCESS Customer Handling	PROCESS Quality / KPI's
Process Objective	Negotiation Specification Emnebearbejdning Framework agreem. Counseling	Analysis Expectations	Budget FTE Location Maintenance Inventory Stock	Annual plan Competences Training Employee eval. Long absence, Leave Truck-/Crane certificate Drivers license Fire Drill/Alarm	Monthly plan Labour contract Short term absence Education Campaign Ready Assets/Inventory	Indeværende måned Daglig rutiner Account applic. Restancer Ordering Goods recieved Minor maintenance Repairs Sickness, Leave	Store Ready Safety Check Truck Inspection Housekeeping	Sales / Advice Counseling Offer, Order Credit check Delivery Return of goods Complaints Events Customer training	NPS Gross Margin Manual Pricing Ukurans Orders not invoiced Ongoing evaluation
Activities Level 3	AS-IS Process mapping Identify challenges	AS-IS Process mapping Identify challenges	AS-IS Process mapping Identify challenges	AS-IS Process mapping Identify challenges	AS-IS Process mapping Identify challenges	AS-IS Process mapping Identify challenges	AS-IS Process mapping Identify challenges	AS-IS Process mapping Identify challenges	AS-IS Process mapping Identify challenges
Master Data	Data entered	Data entered	Data entered	Data entered	Data entered	Data entered	Data entered	Data entered	
Documentation Level 4	Documentation	Documentation	Documentation	Documentation	Documentation	Documentation	Documentation	Documentation	
User Manuals Level 5	How-To-Do System Specific	How-To-Do System Specific	How-To-Do System Specific	How-To-Do System Specific	How-To-Do System Specific	How-To-Do System Specific	How-To-Do System Specific	How-To-Do System Specific	



IDENTIFY AND UNDERSTAND THE SUPPORT STRUCTURE – LIFECYCLE PERSPECTIVE

Support Processes	PROCESS	Sales	Competitor analysis	Forecast		Sales budget	Budget evaluation					NPS CRM
			Sales Excellence						Sales support	Sales behavior		
	PROCESS	Marketing	Profile	Market analysis	Customer profile	Marketing Annual Wheel	Catalogue Campaigns Events	Campaigns	Shop fittings Materials	Events		ROMI
	PROCESS	E-Commerce	Competence Centre		Market development	Digital Marketing		Order Management	Click-&collect	Order support Customer service		Conversion Rate Basket Size
			Assortment Negotiation	Assortment Private label	Salesprice Vendor selection / - Development	Decoration Vendor setup Manstring	Sales fairs	Campaign development	Decoration	Utilization		Valumen Customer Complaint
	PROCESS	Procurement	Category & Market	Supplier Negotiation Specification	Negotiation Costprice	Annual Purchase agreements	CMS Contracts			Returns Customer Complaint		BAVB% Stock value Stock Depreciation
			Sourcing									
	PROCESS	HR	Employee data	Labour contracts	Recruitment Hire Job description	Material for employee evaluation	Contract	Administration		Retention Sick Leave, Leave		Staff Turnover Employee Satisfaction Notice given / Fire
			Competencies				Introduction E-learning	Competencies Education		Carrer		
H&S	PROCESS	Logistic	Need Space	Order handling (E3) Inventory mgt.	Varebevægelse Varebeskædigelse / Fejl	Availability		Order handling E3 Housekeeping	Replenishment	Delivery: OTIF, ODIF		Håndteringsomk. Kørselsprocent
			Forecast	Number of vehicles	Utilization			Driving skills Damage frequency				Condition Scrap value
	PROCESS	Facility	Contract Security	Property Rebuilding Vehicles	Beredskabsplan Cleaning, Mail Security Manual	Operation, Maintenance Vehicles, Phone, PC Access		Operations Managers				Shrinkage Claims
			Work environment	Transportation		Safety Rules Instructions		Selfinspection				Audit
	PROCESS	Finance		Price	Varedata (Prisbog)	Assortment adjustment	Budget evaluation	Pricing 2.0 Assortment adjustment				Gross Margin Turnover
								Labour Costs Overtime Costs				
	PROCESS	Finance	Contract Credit	Budgeting Forecasting Analysis	CAPEX Investment			Cash Flow, Risk, Account approval		Debtor, Value/Num.		Financial Statements Monthly, Quarterly, Annual
	PROCESS	Finance										

Who is involved (stakeholder)?
Who is responsible?

QPR

**Need for one Process Modeling
Tool and repository**

**Support our Business Process
Model**

Process Designer

- **Flexible**
- **Support**
- **Company specific**
- **Documentation**

Process Mining

- **Possible**



MIMER PROVIDES BEST PRACTICE, COMPLIANCE & TASK BOARDS IN ONE TOOL

Advantages

Best Practice

- Shared understanding between process user and process owner.
- Documenting Best Practice
- Clear responsibility
- Customer centric approach

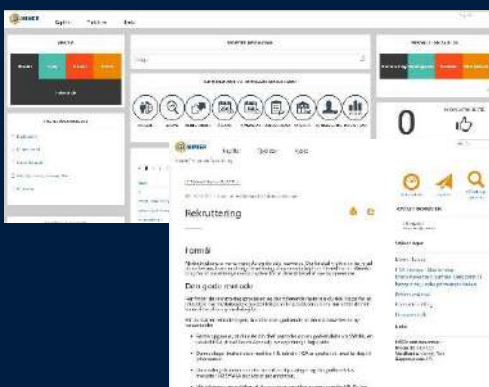
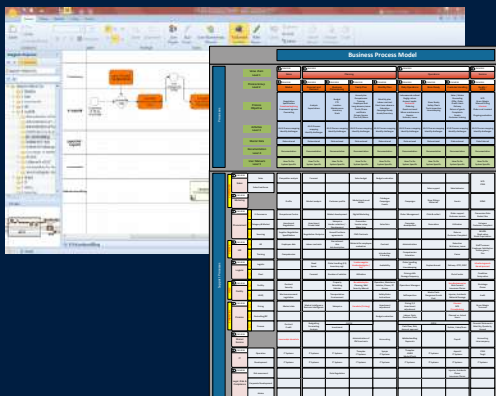
Compliance

- Ensure one place to maintain information The new Intranet – Toolbox will contain all.
- Process, templates, video, audio etc. – all in same place
- Compliance “push” on new processes

Task boards

- Audit and self inspections creating individual tasks
- Task handling pushing tasks to person in charge
- Solve main critical information issues such as:
 - Campaign process

Examples

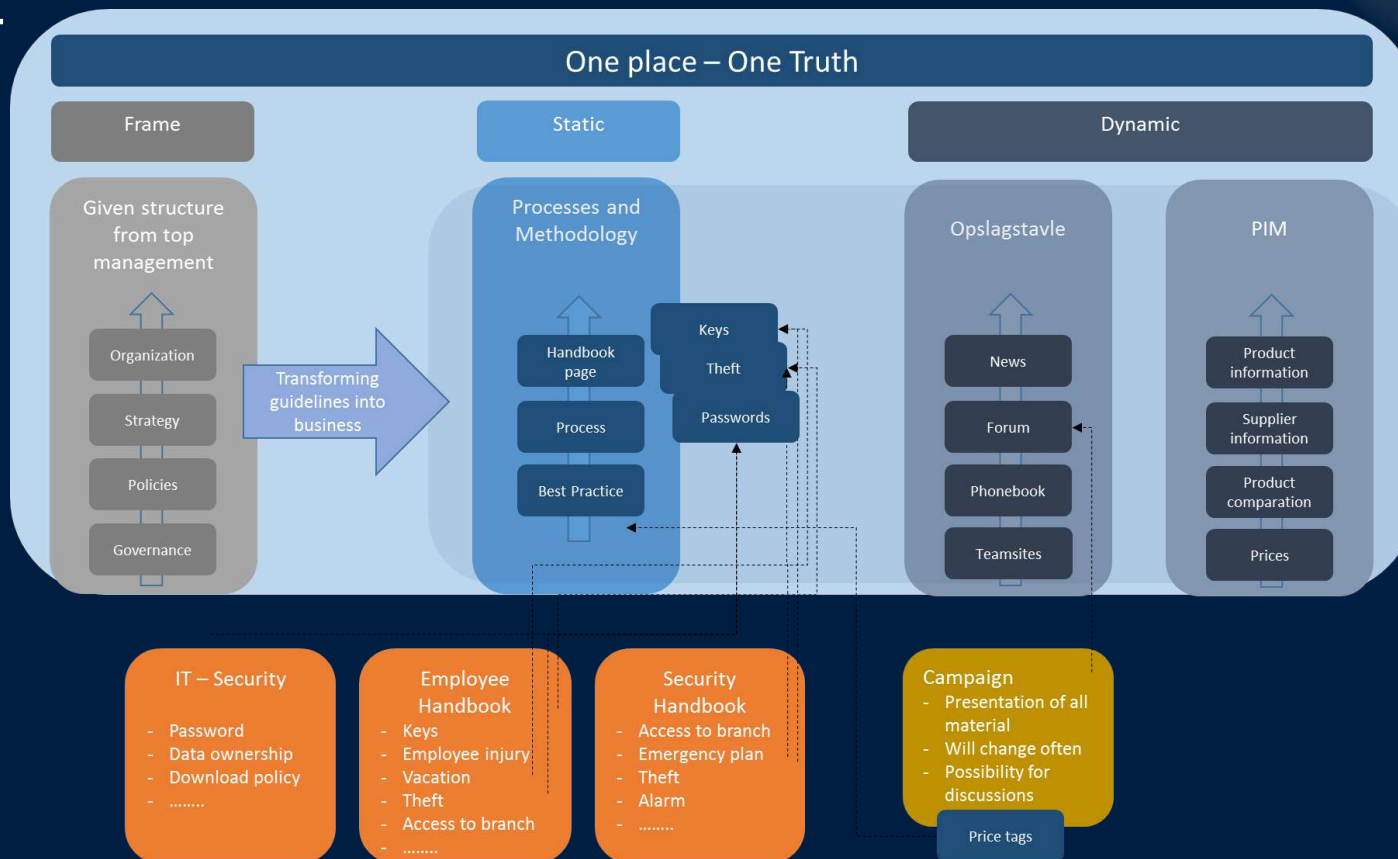


BASIC PRINCIPALS OF DOCUMENTATION

1. Keep it Simple
2. Name, Purpose, The Good Method
3. Readability test



INFORMATION STRUCTURE



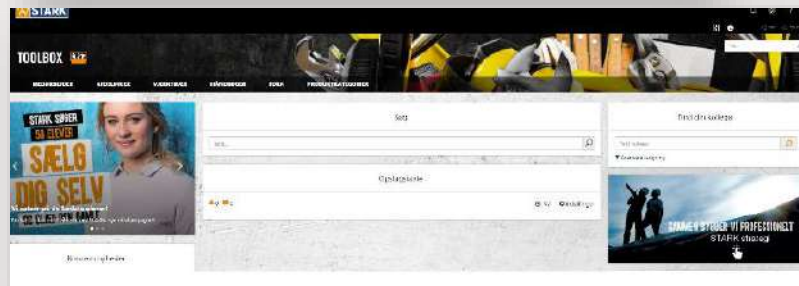
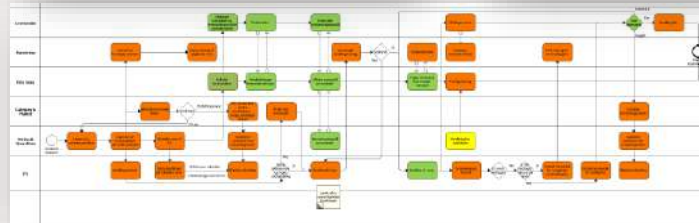
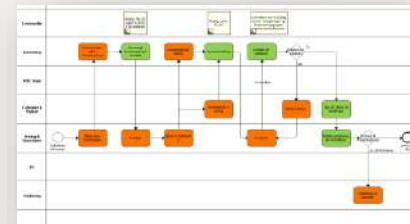
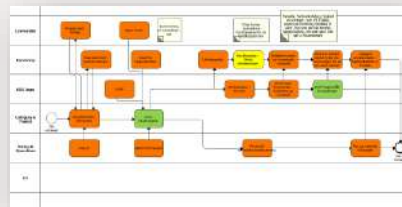
MIMER GOING FORWARD

Best Practise

- Continue process description and optimization
- Prioritizing most value creating processes. Next up is logistic
- Starting up with process analyzer to obtain further insight in process optimization

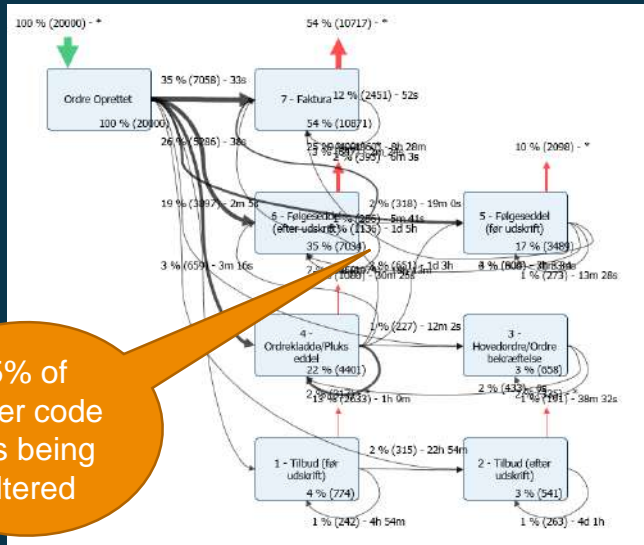
Merging with intranet

- Mimer merges with new intranet making two system approach a reality
- All existing relevant material to be converted into Mimer handbooks and templates

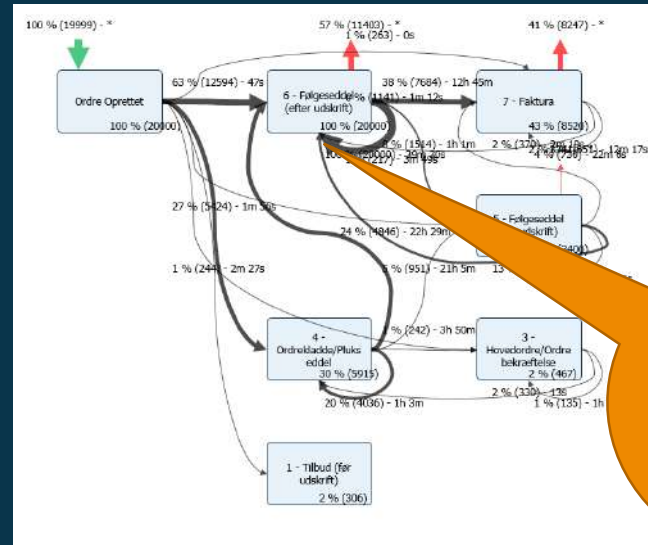


PROCESS ANALYZER REVEALS SALES BEHAVIOR

Adding "power" to our data can i.e. show order flow and reveal unhealthy behavior and possible root cause to inaccurate data – i.e. inventory levels/E3



5% of
order code
6 is being
altered



We can deep dive and look at individual orders for root cause

DAILY OPERATIONS MUST BE KNOWN

Ordrekoder

2 - Tilbud (efter udskrift):

Dette er tilbud der ligger til optælgning via CRM. Der skal følges op på tilbuddet. Hvis ikke et tilbud accepteres, så skal årsagskode angives i CRM.

3 - Ordrebekræftelse / Hovedordre

Benyttes til at udskrive og sende ordrebekræftelsen til kunden. En hovedordre bruges, når en kunde skal have adgang til en bestemt mængde til en fastsat pris. Alternativet til at lave en hovedordre er, at oprette en byggeplads. På en hovedordre kan man danne en forside med priser, hvor man kan vedhæfte specifikationer fra leverandøren. Når et tilbud eller en ordrebekræftelse er accepteret af kunden og er blevet til en ordre, der skal effektueres, så ændrer man manuelt ordrekoden til 4.

4 - Ordrekladde / plukkeseddel

Ordrekladden benyttes til at danne en kundeordre og efterfølgende til at angive Salgs- og udleveringssted. Når printes pluk- eller følgeseddel (Ved levering altid en plukkeseddel) - Der sendes et print til ordrekladde printerens udleveringssted. Påviser ikke lager, men der laves en reservation, så E3 ser varen som solgt. Ved direkte levering påvirkes allerede her, da varen er ude af vores hænder.

5 - Følgeseddel (før udskrift)

Når en ordre er plukket færdig til levering, så ændres ordrekoden manuelt til 5 eller 6. Varen trækkes i disponibel salget registreres (plukkede varer skal være synligt afskilt fra resten af lageret). Kundens kreditmaksimum påvirkning via vores lager.

6 - Følgeseddel (efter udskrift)

Når varen udleveres til kunden, slår man ordren op, og der udskrives en følgeseddel. Ved udskrift ændrer ordrekoden til 6. Ved kørsel om aftenen ændres ordren automatisk til ordrekode 7.

7 - Faktura (klarmeldt til bogføring)

Ordren er hævet til kode 7, og der sendes en faktura til kunden. Nu er den klar til at blive bogført i næste bogføring.

8 - En kontant- eller debet faktura, som er bogført i finans, eller en F13-debetfaktura, som endnu ikke er bogført

Ordrene får automatisk kode 8, når der er tale om at ordren er udskrevet som en "straks-faktura" altså en faktura. Denne ordrekode kan man ikke sætte på manuelt, kan kun ske automatisk, ved udskrivning af en straks faktura.

Orders in
ordercode 3
and 4
influence on
E3 after 15
days

Creating a
credit note
we can
choose
from 34
causes

Kreditnota

Kreditnota skal laves i AS400, så vi sikrer korrekt registrering. Der skal angives en årsagskode til, hvorfor der laves en kreditnota - årsagskoden noteres i feltet ÅK (Årsagskoder kreditnota).

Når kunden har forladt forretningen, så skal du tage stilling til, hvad der skal ske med den returnerede vare.

- Reklamation - Varen tages retur og sendes til leverandøren
- Fortrydelse - Varen sættes på hylden og sælges såfremt varens stand er ubeskadiget

Der laves dagligt kontrol af kreditnotaer.

Årsagskoder kreditnota			
Årsagskoder	Beskrivelse	Årsagskoder	Beskrivelse
BE	Bestillingsfejl ext. Sælger	LR	Lagerregulering
BK	Bestillingsfejl kunde	OA	Overført til anden debitor
BS	Bestillingsfejl sagsbehandler	OB	Oprydning af byggeplads
DF	Dobbeltfaktureret	OR	Omsætningsrettelser
DK	Dekort	PG	Prisgaranti
FD	Fejl i debiteret vare	RA	Returvare iflg. Afhale
FK	Fejl i kundenummer	RE	Returemballage



Sammen bygger vi professionelt

