

CASE STUDY
[TRADING GROUP FOR METALS AND MATERIALS]

**DIGITALIZATION ALONG THE
ENTIRE VALUE CHAIN**



Task

DIGITALIZATION ALONG THE ENTIRE VALUE CHAIN

The client is one of the world's leading companies in the metal and materials trade. Digital transformation was prioritized by the management as one of the essential key factors to secure and strengthen the market position of the company. Particular importance was paid to the entire value chain of the company when examining digitalization options (end2end view). After an initial exploration of the topic by the top management in autumn 2015, the client sought support for the initialization and establishment of a digitalization program. Haselhorst Associates was selected as a consulting partner and in this capacity reported directly to the Executive Board. Since the client's internal digitalization team was in the process of creation at the beginning of the project, this function had an interim character.

Approach

PHASE I: STRUCTURING OF THE DIGITALIZATION PROJECT

Initially, Haselhorst Associates conducted a comprehensive review of ongoing and planned initiatives and projects. The goal was to ensure transparency of all activities that were to be managed as part of the digitalization program. For that purpose, reviews of the individual activities were carried out in conjunction with establishment of uniform project management standards for milestone and schedule planning, status monitoring and budget planning and control. Program organization was then implemented and roles and responsibilities specified. One of the challenges was the delineation of goals and responsibilities between the new digitalization team to be formed and the existing organizational units in IT, technology management, specialist departments and operational units.

In order to maintain transparency and ensure inflow of information on the digitalization project, fixed meeting and reporting structures were set up. Due to a large number of parties (stakeholders) involved, various information formats were used. The Haselhorst Associates-PMO, which was established during this phase, took over the operational program management. This included management of measured, status monitoring, budget control, reporting, control of top management bodies such as steering committees and management support for internal and external ad hoc enquiries.

Background

DIGITALIZATION IS CONFRONTING A TRADITIONAL INDUSTRIAL SECTOR WITH MAJOR CHANGES

Digital transformation is no longer limited to technologically exposed industries, but also affects traditional business areas such as metal and materials trade. On the one hand, companies in this sector are confronted with very concrete challenges stemming from current digitalization trends, on the other hand, they can use digitalization to differentiate themselves from their competitors.

The options range from customer and supplier portals to eCommerce solutions or mobile applications, to intelligent connectivity of production machines and far-reaching automation of production. Even the use of self-learning algorithms based on Big Data in inventory and warehouse management is possible.

Implementation of such approaches requires extensive adjustments of organizational structures, business processes and IT systems. In order to be successful, the entire business model must therefore be thought through in the context of digitalization and a holistic digitalization program must be prepared.

PHASE II: DETAILING THE STRATEGY AND DEVELOPMENT OF THE PROJECT PORTFOLIO

The second phase included support at the operational level for more than 40 individual implementation projects, as well as detailed elaboration of the digitalization strategy and further development of the project portfolio at the strategic level. Strategy-related topics were worked on in a series of workshops involving the Executive Board and selected members of the management team. In addition to formulation of a strategy statement (what should be achieved through digitalization), concrete 5-year targets were defined, comprehensive business case plans were made, procedures were evaluated and the tasks and responsibilities of the digitalization team were continuously refined. When selecting new initiatives to expand the project portfolio, emphasis was put on integrating all relevant areas of the value chain into the digitalization process. The aim was to balance the portfolio in terms of optimization initiatives, growth themes and long-term innovation projects (see also figure on the right).

Parallel to detailing the digitalization strategy, operational program management was optimized by the PMO, and controlling and reporting were gradually converted into existing or newly defined Group standards. Program management was then gradually supported by existing IT systems and tools, thus reducing manual work. Free capacities were used to support individual project modules, for

Overview

PROJECT PHASES

I. STRUCTURING

- > Inventory
- > Project Management Standards & PMO
- > Program Organization, Roles & Responsibilities
- > Transparency, Stakeholder management

II. STRATEGY & DEVELOPMENT PROJECT PORTFOLIO

- > Detailing of the digitalization strategy
- > Goals, business cases, 5-year planning
- > Complementing of the project portfolio, new ideas
- > Optimizing project management by PMO

III. BUILDING OF AN INTERNAL TEAM AND HANDOVER

- > Automation of project controlling
- > Establishment of an internal digitalization team
- > Transfer of knowledge and methods
- > Structured gradual handover

example market research and supplier selection for implementation projects, coordination of external implementation teams, change management and support for internal and external communication on digitalization issues.

PHASE III: ESTABLISHMENT OF INTERNAL DIGITALIZATION TEAM AND HANDOVER

In addition to the development work carried out in the areas of structure, strategy, content and control, the focus was on establishing internal organization. The internal digitalization team existing at the beginning of the project was to be enlarged by a factor of ten. Therefore, ongoing recruiting took place already at the beginning of Phase II, which was partly accompanied by the consulting team. At the same time, the optimization and automation of program management processes was continued.

In the final phase of the project, the task was to transfer the knowledge, methods and tools from the consulting team to the internal digitalization and PMO team in a structured manner. This internal anchoring of digitalization in the organization ensures sustainable implementation of current and future digitalization initiatives.

Benefit

FAST TEAM BUILDING, ACCELERATED IMPLEMENTATION AND REDUCED RISKS

Thanks to the support of Haselhorst Associates, the client was able to quickly strengthen its internal digitalization team from the outset and set the desired digitalization program in motion quickly, in a structured and targeted manner. Professional program management of the Haselhorst Associates-PMO allowed the top management to control it in a targeted manner.

In this way, development of the company's own organization and optimization of internal processes of the digitalization team could take place parallel to the implementation projects, i.e. without any loss of time. Internal experts were recruited specifically for the main fields of action of the digitalization team.

The digitalization strategy, which was defined with targets, made it possible to coordinate the quantitative 5-year planning with various stakeholder groups and to allocate individual targets for the business areas. The client was also able to anchor digitalization in the organization quickly, with reduced risks and on a sustainable basis.

AREAS OF ACTION OF DIGITALIZATION ALONG THE VALUE CHAIN

SUPPLIERS

- > Supplier portals
- > Advanced EDI
- > E-auctions
- > Digital product data
- > Digital certification

INTERNAL VALUE CREATION

- > Digital supply chain (e.g. network optimization)
- > Intelligent warehouse (e.g. batch localization)
- > Production automation (e.g. robotics)
- > Capacity optimization (e.g. MES-based planning)
- > Innovative manufacturing (e.g. additive manufacturing)
- > Sales support (e.g. central pricing)
- > New business areas (e.g. online CAD parts)
- > Integrated value creation (e.g. Cross-Company ERP)

CLIENTS

- > Client portals
- > eCommerce Shops
- > Advanced EDI
- > Font & Speech Recognition
- > New Market Segments

Partnerships | Change Management | Stakeholder Management



Dr. Jörg Schumacher – Partner
j.schumacher@haselhorst-associates.com

Haselhorst Associates GmbH

Schiffbauerweg 1
82319 Starnberg

Tel: +49 8151 65040-0
Fax: +49 8151 65040-20

info@haselhorst-associates.com
www.haselhorst-associates.com



WE MASTER CHANGE.
TOGETHER.