

# REICHLÉ & DE-MASSARI



**“COGNOS HAS HELPED US TO ESCAPE FROM THE ‘CURSE OF THE SPREADSHEET’. WE NO LONGER HAVE TO GRAPPLE WITH A RIGID BUDGET STATEMENT AND ABSOLUTE FIGURES. INSTEAD, WE CAN MAKE ROLLING PLANS FOR THE NEXT FIVE QUARTERS, HAVE ACCESS TO CONTINUALLY UPDATED FORECASTS, AND PREPARE DIFFERENT VERSIONS OF THE BUDGET RIGHT UP TO THE ‘LATEST ESTIMATE’.”**

—PATRICK A. SCHACHER, CORPORATE PLANNING & CONTROLLING, REICHLÉ & DE-MASSARI AG

## **COMPETENT, INNOVATIVE AND CUSTOMER-FOCUSED**

Reichle & De-Massari AG (R&M), a family-owned Swiss company with operations all over the world, develops and produces state-of-the-art passive cabling solutions for communication networks. R&M is market leader in Switzerland and has a presence in 16 countries via subsidiary companies or representatives, while highly skilled sales partners take care of its customers in several other locations. The group earns approximately 75% of its turnover (nearly €103 million in 2005) outside Switzerland and can point to a record of continuous growth. R&M currently earns 20% of its sales from products that were launched during the last three years, and the company’s focus on new product development is clearly reflected in the 5% or so of its revenues that it reinvests in research and development every year and the numerous patents it holds. With a workforce of more than 550 employees, the company is 100% owned by the Reichle family. Martin and Peter Reichle are the second generation to lead this dynamic organisation, working to ensure that its innovative range of products continues to be developed in line with the highest quality standards.

## **A FOCUS ON FOUR AREAS OF BUSINESS**

The firm specialises in the manufacture of connection and distribution technology for copper and fibre optics networks, and has concentrated its efforts on four key business areas: carrier, enterprise, industrial and residential cabling. In the carrier market – traditionally

R&M’s core business – customers include a range of WAN and MAN operators, traditional national and international telecoms companies, local ‘city carriers’, and railway operators. The enterprise cabling division concentrates on high-value, innovative cabling systems for the corporate facilities market that enable voice, data, and video to be transferred over high bandwidths. In the field of industrial cabling, R&M develops solutions that meet the tough standards required of connection and distribution technology, including resistance to mechanical stresses and protection against environmental effects. While for the residential cabling market, R&M offers convenient and compact solutions for meeting the network and multimedia requirements of residential and home office environments.

## **THE INFLEXIBILITY OF SPREADSHEET-BASED PLANNING**

In the past, nearly all of R&M’s planning and budgeting was done on spreadsheets, drawing up a mid-term plan towards the end of every summer for the annual budget round. This involved gathering figures from the various local managers, importing these into spreadsheets, and consolidating them. The Corporate Controlling department would then revise the figures and agree them with the local offices before they were signed off at a subsequent meeting. This situation was

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evidently unsatisfactory as the planning process went on for far too long, was too inflexible, and resulted in budget figures that in many cases were often quickly superseded by the group's actual results. An example of what could go wrong was seen in the wake of the 9/11 attacks in 2001, and in particular the effect on the dynamic Middle and Far Eastern markets. The budgets for the following year had already been drawn up, and managers had to carry on using these for almost another year – even though everyone knew that the economic conditions had changed radically.

The company therefore decided to look for a planning application that would help the Corporate Controlling department to overcome the limitations of spreadsheet-based planning while following a 'beyond budgeting' approach. Managers were eager to find a solution that would support not just annual budgets, but the entire planning process.

### **RAPID AND EASY IMPLEMENTATION**

R&M decided on the Cognos Controller product as the database and the Cognos Planning tool for the entire planning and budgeting process. The project was implemented with the support of the Cognos Integration Partner, Enterprise Technology AG (ENTECH), within the space of only a few weeks, with the R&M group CFO acting as project sponsor. Implementation was overseen by Patrick Schmidhauser of Group Financial Reporting & Consolidation and Patrick Schacher of Corporate Planning & Controlling. Installation, configuration and training were all carried out smoothly with the aid of expert guidance and top-quality support from the specialists at ENTECH. It's also worth noting that the project was completed even more rapidly and at lower cost than originally foreseen.

### **BOTH THE BUDGET AND PLANNING PROCESS NOW FULLY UNDER CONTROL**

As a result, R&M can now make plans on a rolling, quarterly basis and access figures for the coming five quarters at any one time. Since all of the group's worldwide offices are integrated in the system, all relevant data can be brought together, allowing a consolidated set of profit and loss figures to be drawn up. This means that by the fourth quarter of the year

managers already have access to figures for the whole of the following year as a basis for their budgets. This also makes it easier to draft the three-year mid-term budget. Implementation of the Cognos products helped to simplify this budget, which is now oriented around the key performance indicators (KPIs) of sales, margin, OPEX and EBIT. Results are compared with the KPIs on an ongoing basis, and the budget now forms the basis for managers' discussions of the KPIs. Data is imported from a spreadsheet report so that the sales figures can be categorised by strategic business area.

Accessed via a Web browser, the Cognos Controller and Cognos Planning tools are used primarily by the general managers of the subsidiary companies, but also by their finance departments in some cases. The system is operated and administered from R&M's head office in Wetzikon, Switzerland, under the supervision of the two Planning and Controlling managers. As members of the senior management team, group CFO Martin Gasser and group CSO Hans-Peter Legler also have access to the planning data. The last few months have demonstrated that managers, particularly in difficult markets, benefit from the improved routine and overview resulting from the regularly updated quarterly plans.

As Patrick Schacher testifies: *"As well as the plan itself, we now also have the whole planning process under control. The Web browser summary shows us the planning status for every single local office."*

### **THE FUTURE – INVOLVING EVEN MORE USERS**

Managers are now planning to have the data that is currently imported using CSV files transferred using an automated process. In parallel, the Cognos Controller database and the data warehouse will be integrated with one another. At the next stage, R&M intends to start using the planning tool to draw up the detailed annual mid-term report for corporate business planning purposes. In addition, the company would like to broaden the roll-out of the system to include sales managers and product managers, who should then be able to make plans down to the level of key accounts and product groups.

## **ABOUT COGNOS:**

Cognos, the world leader in business intelligence and performance management solutions, provides world-class enterprise planning and BI software and services to help companies plan, understand and manage financial and operational performance.

Cognos brings together technology, analytical applications, best practices, and a broad network of partners to give customers a complete performance system. The Cognos performance system is an open and adaptive solution that leverages an organization's ERP, packaged applications, and database investments. It gives customers the ability to answer the questions - How are we doing? Why are we on or off track? What should we do about it? – and enables them to understand and monitor current performance while planning future business strategies.

Cognos serves more than 23,000 customers in more than 135 countries, and its top 100 enterprise customers consistently outperform market indexes. Cognos performance management solutions and services are also available from more than 3,000 worldwide partners and resellers. For more information, visit the Cognos Web site at <http://www.cognos.com>.

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