

KEY FIGURES AT A SINGLE CLICK

How companies can manage major projects better with the TRACK database.

 SARAH KAISER

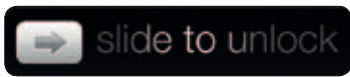
If you want to succeed in the increasingly competitive global environment, you have to be ready for change. More and more companies are setting up companywide improvement programs. But many such programs fail, as Porsche Consulting has observed—because they're not managed transparently. "If a company has to monitor ten projects simultaneously, it can be done without much effort. It becomes more complicated, however, with major projects, which may comprise 30, 50, or even 100 subprojects," says Dirk Pfitzer, partner at Porsche Consulting. The self-made Excel tables that many companies use are no longer a viable solution. "It costs project managers too much time to maintain the lists manually and then personally evaluate the results. Companies lose track of defined measures and neglect their implementation. Deviations from objectives are not noticed either. In short: All that work is in vain."

To master this challenge, Porsche Consulting and the IT company MSO Solutions have developed an answer: The TRACK (Tool for Revenue, Action and Cost control Keeping) database. It helps companies manage numerous subprojects at once. The management workload is reduced by up to 50 percent while transparency increases. A simple click calls up an overview of the status of the overall program and important key figures. Employees can operate the application intuitively and access it with any common browser. Users can gain access via smartphones or tablets from any location on earth. The software can be adapted to companies' specific requirements, whether a company wants to focus on lowering costs, restructuring the organization or establishing a company-wide continuous improvement process (CIP). Our graphics illustrate the main functions taking a medical technology manufacturer as an example. ←



PORSCHE

TRACK



MSD Navigator 2.1.8

Home > Subprojects Overview

Subprojects Overview

Print Export Refresh

Project No.	Title	Actual EST 2014 €	Target EST 2014 €	Implementations	Project leader	Target date
01	Reduction in variants of CT devices	1,000.00	1,000.00	4 adopted	Inhanna Fischer	27.12.2013
02	Global sourcing of standard parts	2,000.00	1,800.00	4 adopted	Franciska Schweiber	21.07.2013
03	Lean production system in CT device manufacture	500.00	240.00	5 Effective potential	Doree Oeggel	26.02.2014
04	Optimization of order processing for CT devices	300.00	0.00	3 ready for release	Franciska Schwab	30.08.2013
05	Logistical concept for material provision at CT device production line	700.00	700.00	3 Effective potential	Miguel Yvelde	30.05.2014
06	Production and variant planning in CT manufacture	200.00	240.00	4 adopted	Axel Jauer	15.11.2014
07	Reorganization of sales structure for CT/CR lights	430.00	150.00	4 adopted	Andreas Müller	31.05.2013
08	Reduction in reject rates in CT device production area	780.00	0.00	3 ready for release	Nathanael Otto	28.11.2013
09	Production relocation for CR lights conversion	1,600.00	1,570.00	5 Effective potential	Sam Gurrer	30.05.2013
10	Reorganization of purchasing	420.00	0.00	1 Idea shown up	Georgios Scardali	27.08.2013
11	Product Cost Optimization for CR Lights Conversion and LED	1,000.00	940.00	4 adopted	Julia Meyer-Richter	31.05.2014
12	Establishment of CR organization	80.00	0.00	2 roughly evaluated	Gerhard Weber	23.08.2013
13	Sales initiative in Asia	1,000.00	300.00	3 Effective potential	Manfred Beyer	26.09.2014

1. RED, YELLOW, OR GREEN:

The traffic light before the subproject indicates whether the project is on schedule. If an important decision by the board is still outstanding or a supplier drops out, the traffic light is set to yellow or red. This informs the lead project manager that there is an issue to be resolved. Countermeasures need to be described and stored in the database and checked. Only when the issue has been resolved does the traffic light go green again.

2. POTENTIAL:

Our graphic shows the example of a medical technology manufacturer that wants to achieve positive earnings effects of 10 million euros by 2014. Subprojects include shifting production of the "conventional OP lights" (no. 9) and expansion of the "Asia sales initiative" (no. 13). The fields "Target EBT" and "Actual EBT" indicate the target potential and the potential already achieved. Procurement of standard parts abroad ("Global Sourcing," no. 2) is intended to reduce material costs by 2 million euros by 2014.

3. IMPLEMENTATION LEVEL:

This field indicates the implementation level of the project: Has only an idea been generated (implementation level 1) or already a rough evaluation (implementation level 2)? In implementation level 3, the subproject is ready for approval and the target potential has been confirmed by controlling. Level 4 means the subproject has been approved and at level 5 the potential has been implemented and is in full effect. At this point it shows up in the P&L statement.

ALL PROJECTS AT A GLANCE:

The start page of the database provides an overview of all subprojects as a scroll-down list. This enables the project management to call up the current status of the respective projects at any time, for example before important meetings with the board. For each project, the title and responsible project manager are listed. Individual read and write authorizations are configured for different roles such as lead project manager or subproject manager. This ensures confidentiality. Projects can also be sorted by responsible person, traffic light status, or implementation level as required.

AMO Magazine 22.8

Implementation of Subproject

Home > Subprojects Overview > Subproject No. 11 - Product Cost Optimization for OR Lights Conventional and LED

Subproject No. 11 - Product Cost Optimization for OR Lights Conventional and LED

Cancel Save and close Print E-Mail Delete Open all Close all

Action	Subject	Responsible	Date	% finished
	Workshop team design for OR lights LED	Julia Meyer-Rochter	11.10.2012	100
	Training session value engineering	Rainer Vahleviski	26.12.2012	75
	Product cost workshop for 8 parts	Julia Meyer-Rochter	25.08.2013	50
	Process oriented product cost controlling	Pascal Dreier	28.05.2014	0

Documents

Comment	Remark	Event status	File name	Link
<input type="checkbox"/> Confidential	Overview of parts prices	Implementation of Subproject	120768_1_Overview_of_parts_prices.xls	
<input type="checkbox"/> New version	Bill of materials	Implementation of Subproject	120768_2_Bill_of_materials.xls	
<input type="checkbox"/> do of June 2012	Explosion diagram	Implementation of Subproject	120608_1_Explosion_diagram.pdf	

E-Mail

SUBPROJECTS

Individual measures are stored to achieve these targets. The overview page enables managers and all involved employees to follow the status and progress of the subproject in a timely and transparent manner.

Subproject No. 11 - Product Cost Optimization for OR Lights Conventional and LED

General

Implementation of Subproject

Action

Documents

E-Mail

Product Cost Optimization for OR Lights Conventional and LED

Responsible: Julia Meyer-Rochter

Project No.: 11

Implementation level: 4 skipped

Current status: 4 skipped

Target status: 4 skipped

Project leader: Julia Meyer-Rochter

Target date - Implementation level 2: 16.07.2012

Target date - Implementation level 3: 31.08.2012

Target date - Implementation level 4: 15.09.2012

Target date - Implementation level 5: 15.10.2014

Target status:

1. Reduction in product costs of profit aim, closed and lamp by 7% by checking components of purchase price
2. Reduction in production costs by 7% by checking components of purchase price
3. Introduction of product containing

Project leader: Julia Meyer-Rochter

Target date - Implementation level 2: 16.07.2012

Target date - Implementation level 3: 31.08.2012

Target date - Implementation level 4: 15.09.2012

Target date - Implementation level 5: 15.10.2014

Current status:

4 skipped

1. Reduction in product costs of profit aim, closed and lamp by 7% by checking components of purchase price

2. Reduction in production costs by 7% by checking components of purchase price

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Target status:

1. Reduction in product costs of profit aim, closed and lamp by 7% by checking components of purchase price
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Project leader: Julia Meyer-Rochter

Target date - Implementation level 2: 16.07.2012

Target date - Implementation level 3: 31.08.2012

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Target date - Implementation level 5: 15.10.2014

Actuals in €K

	2012	2013	2014
	Target	Actual	Target
1. Turnover			
2. Material costs	320.00	320.00	320.00
3. Personnel costs	-20.00	-20.00	-20.00
4. Other outpings and earnings	-13.00	-13.00	-13.00
EBITDA effect	378.00	378.00	378.00
5. Depreciation			
EBIT effect	378.00	378.00	378.00
6. Interest			
7. Extraordinary profits/loss			
EBT effect	378.00	378.00	378.00
8. One-off cashflow effect			

Actuals in €K

	2013	2014
	Target	Actual
1. Turnover		
2. Material costs	750.00	650.00
3. Personnel costs	-50.00	-50.00
4. Other outpings and earnings	-50.00	-50.00
EBITDA effect	670.00	570.00
5. Depreciation		
EBIT effect	670.00	570.00
6. Interest		
7. Extraordinary profits/loss		
EBT effect	670.00	570.00
8. One-off cashflow effect		

SUBPROJECTS

Detailed descriptions document all important information and intermediate statuses for the subprojects. The "product cost optimization for OR lights conventional and LED" (no. 11) has been set for three years to 2014. The overview describes both the actual and target state. In addition, the target and actual states are quantified in euros and set against each other in the form of a matrix.



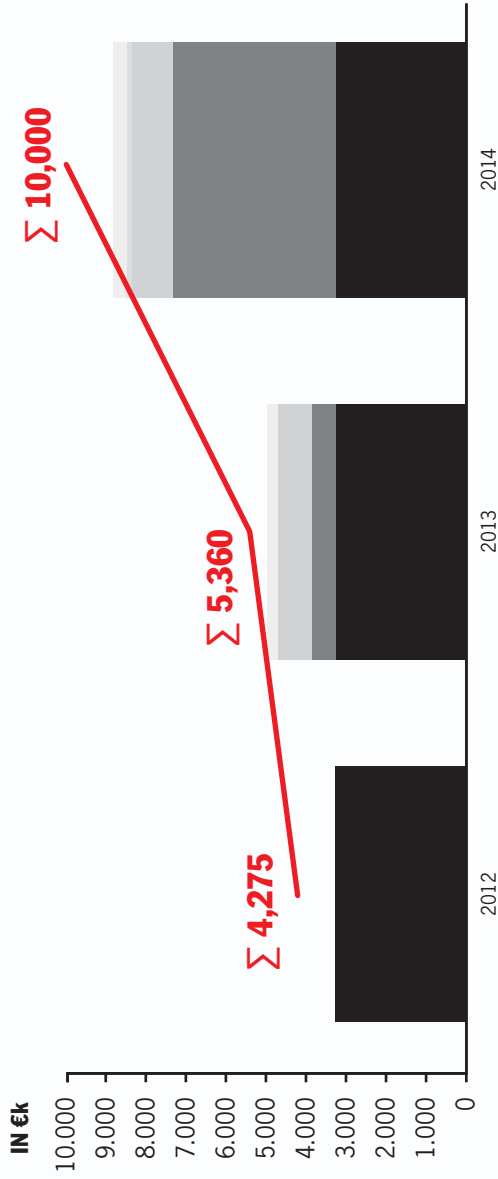
POTENTIAL PROFIT AND LOSS STATEMENT

POTENTIALS IN €K	2012		2013		2014	
	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
1. TURNOVER INCREASE (CONTRIBUTION TO P&L)	700	538	1,000	646	1,500	1,250
2. MATERIAL COSTS REDUCTION	1,600	1,350	2,370	1,620	3,920	3,266
3. PERSONNEL COSTS REDUCTION	1,250	871	1,200	960	3,000	2,197
4. REDUCTION IN OTHER OUTGOINGS AND EARNINGS	450	500	495	600	1,045	720
TOTAL EBITDA EFFECT	4,000	3,259	5,065	3,826	9,465	7,433
5. DEPRECIATION REDUCTION	100	80	110	96	185	115
TOTAL EBIT EFFECT	4,100	3,339	5,175	3,922	9,650	7,548
6. INTEREST REDUCTION	175	161	185	193	350	232
7. EXTRAORDINARY PROFIT/LOSS	0	0	0	0	0	0
TOTAL EBT EFFECT	4,275	3,500	5,360	4,115	10,000	7,780
OTHER EFFECTS						
8. ONE-OFF OPERATING CASHFLOW EFFECT	3,100	3,000	5,500	3,600	8,000	4,320

PROFIT ALLOCATION

All monetary effects of the subproject are summarized in a "potential profit and loss statement" in the form of a comprehensive matrix at company level. Cashflow effects are also listed. TRACK thus makes it possible to allocate all measures and their effects on the company's year-end financial statements. "The database thus also simplifies cooperation between the finance and controlling department and project managers from the production, development or procurement departments," says Dr. Wolfgang Freibichler, principal at Porsche Consulting. A current evaluation of profit- and cashflow-relevant changes is possible at the push of a button. The results can thus be used in all important decision-making processes in a timely manner.

P&L POTENTIALS BY IMPLEMENTATION LEVEL OVER A PERIOD OF YEARS



- 1 IDEA DRAWN UP
- 2 ROUGHLY EVALUATED
- 3 READY FOR RELEASE
- 4 ADOPTED
- 5 EFFECTIVE POTENTIAL

— TARGET

EVALUATIONS

TRACK's greatest strength: Current reports and important key figures can be generated at any time. This means that employees no longer have to tediously create evaluations manually in Excel or Powerpoint. Important figures for the board can be delivered immediately and transparently. The example above shows the potential of the medical technology manufacturer measured against the current levels of implementation. There are currently just under 8 million euros of potential by 2014 already approved or fully implemented (level of implementation 4 and 5).

PORSCHE *Strategy 2018*

THE TRACK DATABASE WILL ALSO BE USED AT PORSCHE AG AND WILL REPLACE THE MANAGEMENT TOOLS USED TO DATE. THE DATABASE HELPS THE CARMAKER MANAGE ITS 2018 GROUP STRATEGY. "TRACK PROVIDES US WITH AN OPTIMAL OVERVIEW OF ALL SUBPROJECTS IN THE OVERALL STRATEGY," SAYS DR. ROBERT KALLENBERG, HEAD OF STRATEGY FOR PORSCHE AG. "DEVIATIONS FROM TARGETS ARE IMMEDIATELY VISIBLE. THIS ALLOWS US TO REACT QUICKLY TO CHANGES AND COUNTERACT THEM." THE PORSCHE STRATEGY 2018 SETS THE GOAL OF MAKING PORSCHE AG THE MOST SUCCESSFUL MANUFACTURER OF EXCLUSIVE SPORTS CARS BY 2018. THE CONSULTANTS FROM PORSCHE CONSULTING ARE ACCOMPANYING THE GROWTH STRATEGY EVERY STEP OF THE WAY. IN THE FOUR DIMENSIONS CUSTOMERS, FINANCES, EMPLOYEES, AND MARKET, OVER 100 SUBPROJECTS HAVE BEEN LAUNCHED WHICH MUST NOW BE IMPLEMENTED, MONITORED, AND MANAGED UNTIL 2018.