

Data Management, Information Quality & DW/BI Conferences Europe 2010



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Produced by:





Corporate Data Strategy

Insights From Proven Approaches Using the Example of Nestlé

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London, November 5th, 2010

Institute of Information Management



University of St.Gallen



Agenda

- 1 The strategic dimension of Corporate Data using the case of Nestlé
- 2 Nestle's experiences and future Plans
- 3 Insights and examples from the CC CDQ Community



Nestlé: Good Food, Good Life

The world's leading nutrition, health and wellness company





Nestlé at a glance: Key figures

- CHF 108bn sales in 2009
- EBIT CHF15.7bn
- Over 280,000 employees
- 449 factories
- Operations in 83 countries





The GLOBE¹ program at Nestlé

JULY 2000

The GLOBE Program is launched, under the sponsorship of Nestlé CEO, Peter Brabeck-Letmathe

“GLOBE will transform the highly successful federation of independent markets into one global Company – that's my dream, that's what I hope to achieve, and we will achieve this through leveraging the size of the Group as a strength and not a liability”

(Peter Brabeck-Letmathe)

1) GLOBE: Global Business Excellence.

The original three GLOBE objectives

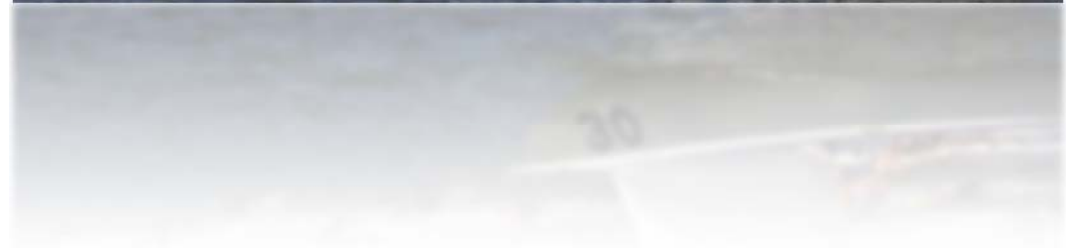
- 1 Implementation of harmonized Nestlé Business Excellence Best Practices
- 2 Implementation of Data Standards and Data Management:
"Managing Data as a Corporate Asset"
- 3 Implementation of standardized information systems and technology

Nestlé's transformation

From a Super tanker...



... to an agile, *change-ready* fleet





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GLOBE implementation status

89 Nestlé Markets/Businesses are operating with GLOBE processes, data and systems

- 162'000 Users
- 806 factories (378 Nestlé, 428 Co-Packers)
- 1'109 Distribution Centers
- 591 Sales Offices



March 2010



From implementation to leverage

Principles changing from:

- Implementation of harmonized Nestlé Business Excellence Best Practice
- Implementation of Data Standards and Data Management – "Managing Data as a Corporate Asset"
- Implementation of Standardized Information Systems and Technology

To:

- Move from "Best in Nestlé" to "Best in Class" best practices confirmed with external benchmarking
- Move from historical/explanatory reporting to forward looking/real time/predictive information with a focus on customers and consumers
- Enable a fast, focused and flexible "front line" with a slim, cost efficient "back-line"

Data Management at Nestlé: Where are we today?

GLOBE Business Framework

GLOBE Applications:

APO	HR
DSP	CRM
FICO	Composite Apps
WM	all other

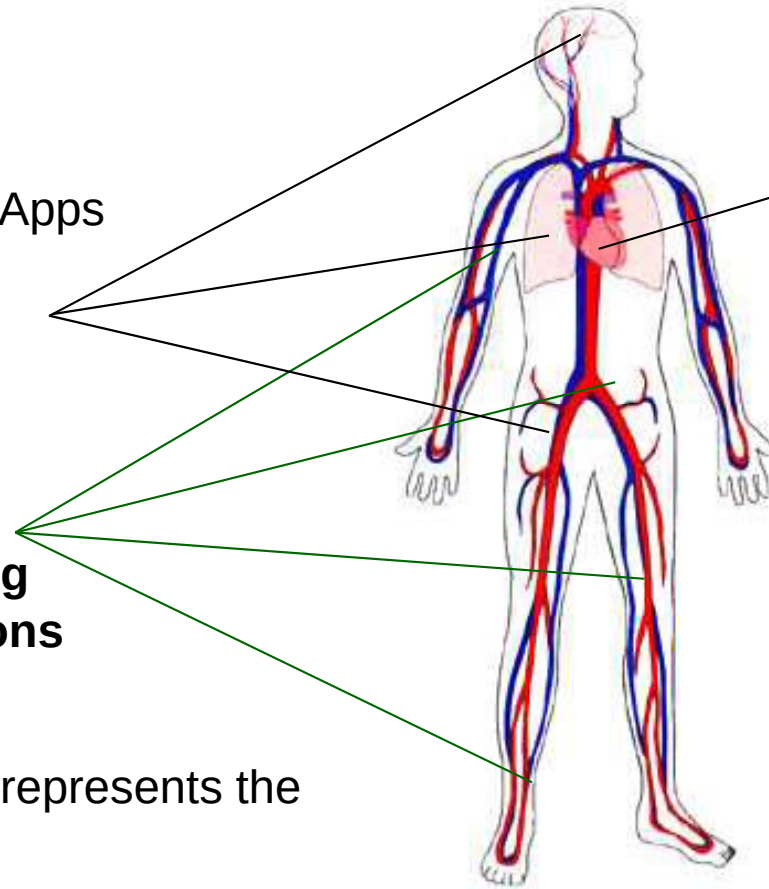
are represented by
internal organs

SAP – the HEART

**Data represents
the blood connecting
all organs/applications**

Our **KPI Framework** represents the
nervous system

Our **infrastructure** represents
the **skeleton**



Data Management

Our goal is to enable Nestlé to be the leading Nutrition Health and Wellness company **through high quality data** empowering our Consumers, Employees, Business Partners and Stakeholders with trusted information and supporting excellence in end to end process execution.



Figures

Master Data Repository	1 Terabyte
Supplementary Data Repository	3 Terabyte
Number of Material Records	450'000
Number of Customer Records	2.7 Mio.
Number of Vendor Record	600'000
Number of Bank Records	50'000



Our Achievements

From
« **MY** » Data

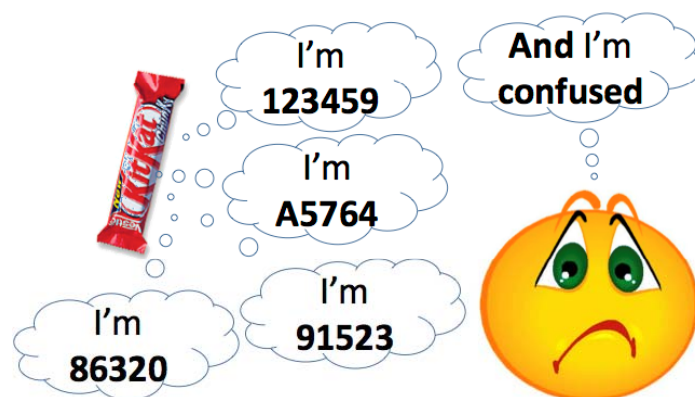
Before GLOBE: **500+** legacy Master Files held Vendor information
= ~ **2 million records**

Before GLOBE: **500+** legacy Master Files held Finished Good (FG) information = ~ **700'000 records**

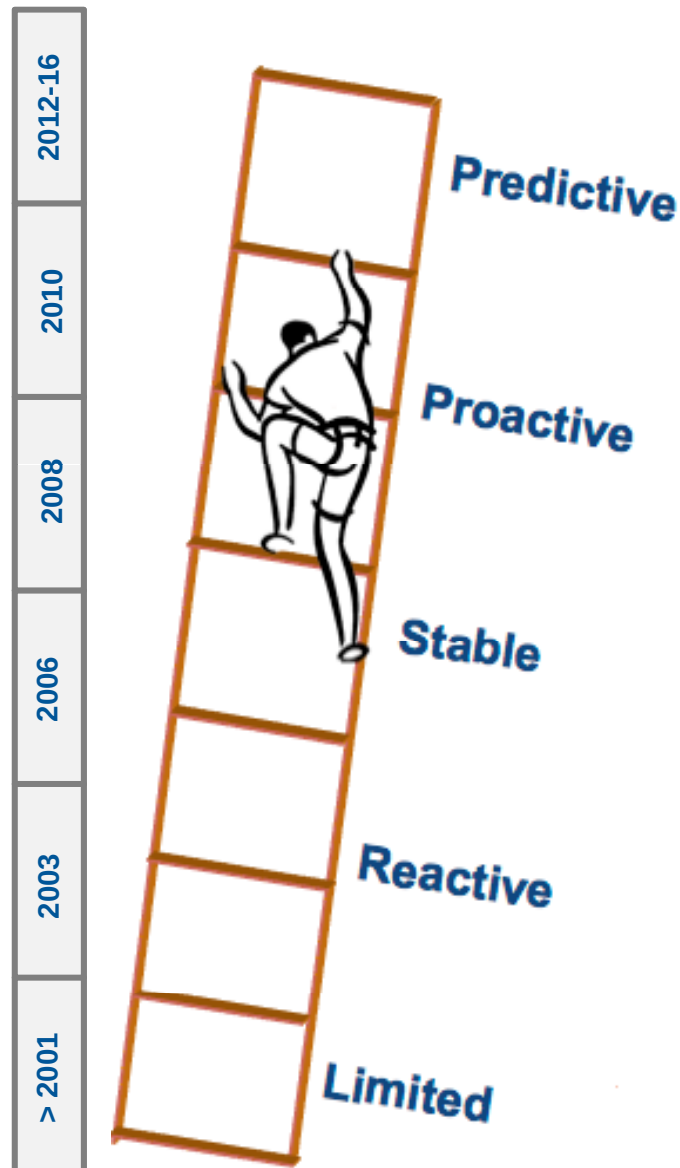
To
« **OUR** » Data

With GLOBE we created ONE Vendor Master File with now ~ **600'000 records = -65%**

With GLOBE we created ONE FG Master File with now ~ **105'000 records = -85%**



What's next...



Data Management Value Chain Evolution

Insight

- Data Quality at Design
- Information Sharing

Executed Globally

- Data Quality Framework
- Data Quality pollution prevention

Implemented Globally

- Data Quality Framework
- Data Quality KPI
- Master Data Synchronization

Defined Globally

- Standards
- Shared Master Data
- EDI processes with Customer

Local or Regional

- Standards
- Shared Master Data

Planned Projects:

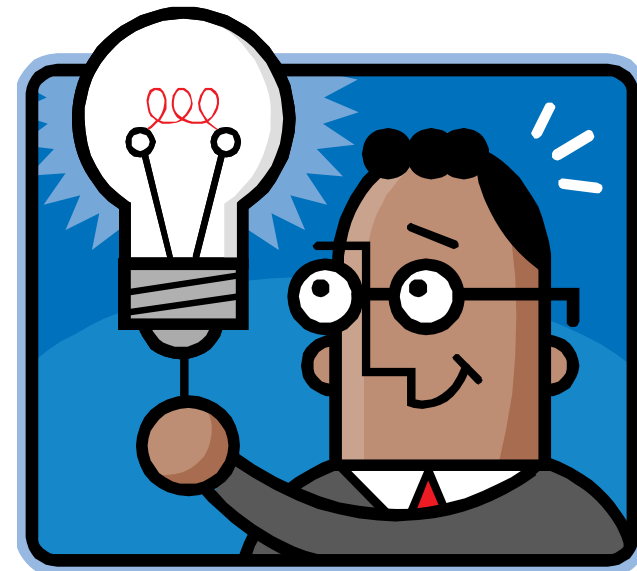
- Data Management Simplification
- Address Validation, Duplication Check
- Renovation of Data Management KPI
- Material Discontinuation

Our vision...

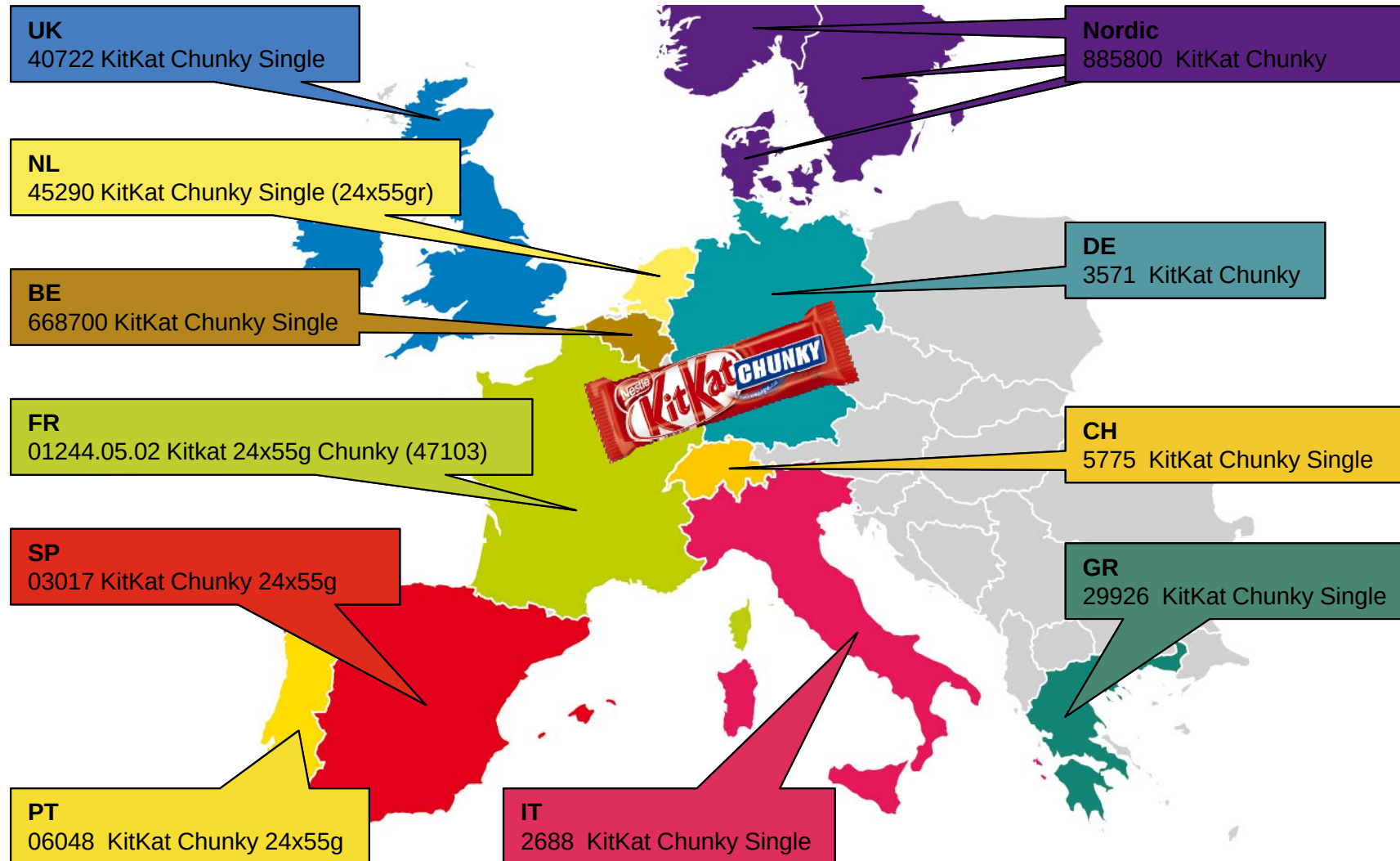
**Error-free process execution
by 1st time RIGHT**



Insight generation

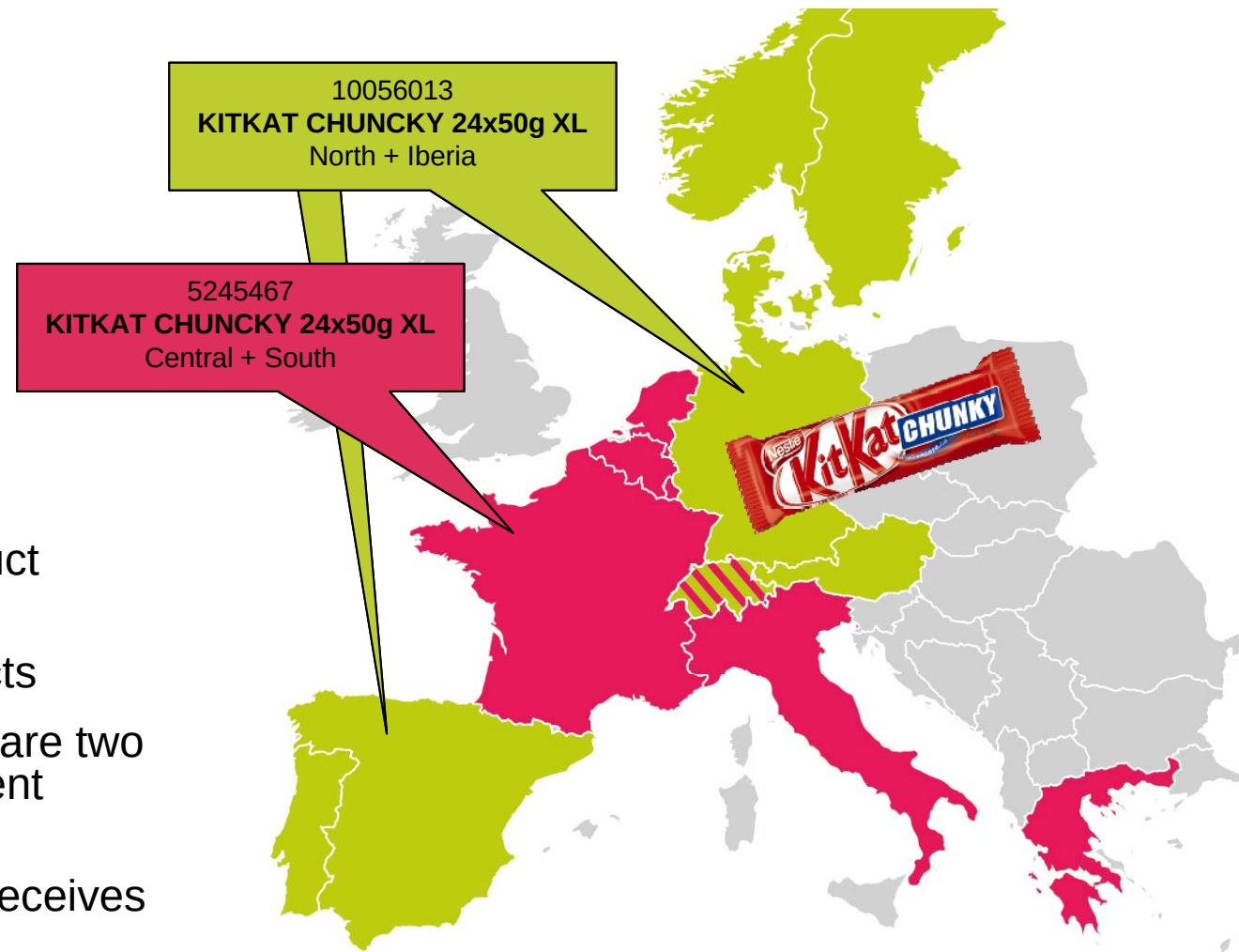


Product coding practices before GLOBE





Have we improved inter-market supply operations? Yes!



- Before GLOBE:
11 codes for 1 product
- With GLOBE:
2 codes for 2 products
- Now it is clear there are two wrappers with different language sets ...
- ... and Switzerland receives both!



Our current focus areas

Corporate Data Ownership



Nestlé on the Move (Org Transformation)

Best Practices for Sustain & Leverage Nestlé Best Practice Library

Improved Data Quality Reporting

Month 05.2009

Global KPI								
	AMS		AOA		EUR		Total	
	KPI %	Trend	KPI %	Trend	KPI %	Trend	KPI %	Trend
Global	98.2	↑	98.7	→	97.0	→	97.8	↑
Global KPI by Object								
	AMS		AOA		EUR		Total	
	KPI %	Trend	KPI %	Trend	KPI %	Trend	KPI %	Trend
Bank	99.7	→	99.2	→	100.0	→	99.7	→
Customer	99.7	↑	99.4	→	95.7	→	98.4	↑
Customer Hierarchy	99.7	→	99.8	↑	99.1	→	99.5	→
Employee	95.2	→	96.9	↑	92.1	→	94.5	↑
Material	95.7	→	98.2	→	97.4	→	97.1	→
Vendor	90.0	→	94.9	→	93.7	↑	92.8	→
Total	98.2	↑	98.7	→	97.0	→	97.8	↑
Global KPI by Function								
	AMS		AOA		EUR		Total	
	KPI %	Trend	KPI %	Trend	KPI %	Trend	KPI %	Trend
Finance & Control	98.2	→	98.7	→	98.8	→	98.6	→
Marketing & Sales	99.2	→	99.3	→	99.5	→	99.4	→
Corporate Wellness Unit	84.6	↑	93.8	→	89.9	↑	89.1	↑
Human Resources	95.2	→	96.9	↑	92.1	→	94.5	↑



LEAN Data Mgmt Processes



Your One Stop Shop for Expertise!

The Business Excellence Data Management Team delivers ...

Data Standards

Corporate
Data Ownership

External
Standards

Business
Data Model

Data Quality

Data
Organization

Best Practices





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Strategic business requirements for Corporate Data

1

Risk Management

- Legal and regulatory requirements
- Contractual penalties, sales losses

2

Reporting

- „Single Point of Truth“
- Standardization of reports and key performance indicators

3

Business Process Integration

- Leveraging synergies
- „End-to-end“-Processes

4

Customer-based business models

- 360°-view on customers
- Expanding services business

5

Strategic Purchasing

- Global spend analyses
- Effective supplier development

6

Complexity management

- IT und process consolidation
- Flexibility



The example of Syngenta

Overview | Our contribution | Our business | Our performance | **Our operations** | Corporate governance | GLOBAL

Home / Our operations / Operations

English | Deutsch

Research and Development
People
Operations

Operations

Driving excellence across our operations

In order to ensure the ongoing success of our business, many functions across our organization need to work together seamlessly. From product development right through to on-farm stewardship, Syngenta is committed to excellence across all our operations.

Overview >

Driving efficiency in production and supply >

View PDF basket

Case study - Argentina
Mauricio Morabito and Candela

Delivering robust performance
Leading market positions in Crop
in our Seeds business.
[Read more in Performance](#)

“In 2009, we established a new function, Syngenta Business Services, to integrate and standardize our transactional services across the organization. Together with developing new service models, investments in our IT infrastructure will [...] provide integrated, standardized processes.”

Source: <http://annualreport.syngenta.com/en/operations/operations.aspx>, accessed on 2010-03-18.



The example of ZF Friedrichshafen



University of St.Gallen

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Company

Driveline and Chassis Technology



Home	Products & Services	Careers	Press	Company
Facts & Figures	Organization	Values	ZF world wide	Research & Development
		Tradition	References	Materials Management
				Corporate News

Home > Company > Organization > ZF Services

show all categories

ZF Ser

Missi

Quali

Serv

Key

Direc

“Automotive supplier ZF Friedrichshafen AG restructures its aftersales and service organization. [...] will be merged to the new business unit ZF Services. [...] The merger of the previously separate business units establishes extensive growth and synergy potential for the ZF Group. [...] more efficient processing of the existing customer portfolio.”

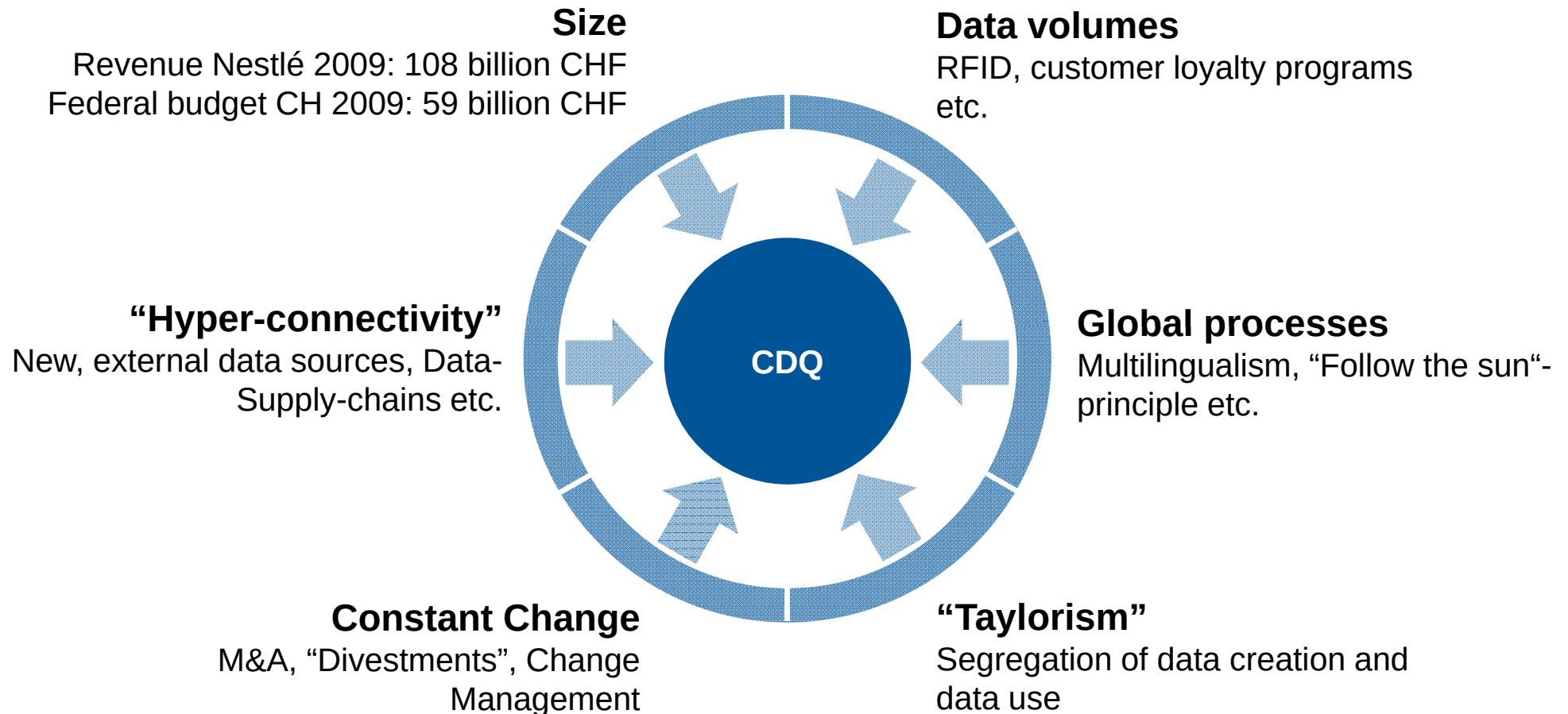
extended. The merger of the previously separate business units establishes extensive growth and synergy potential for the ZF Group. In this new business unit, the improved market image can lead to more efficient processing of the existing customer portfolio.

Source: zf.com, accessed on 2010-02-03.

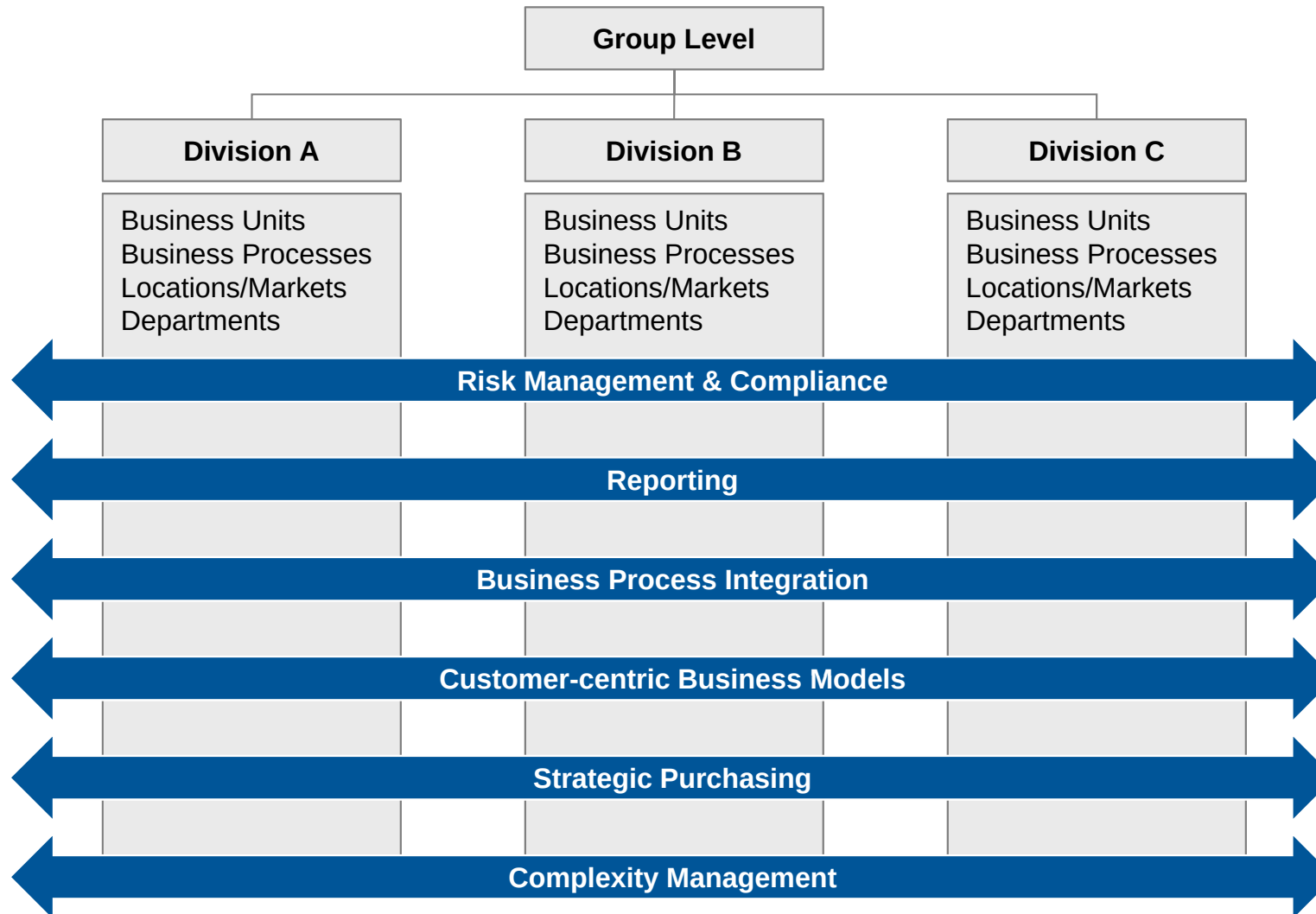




Complexity drivers

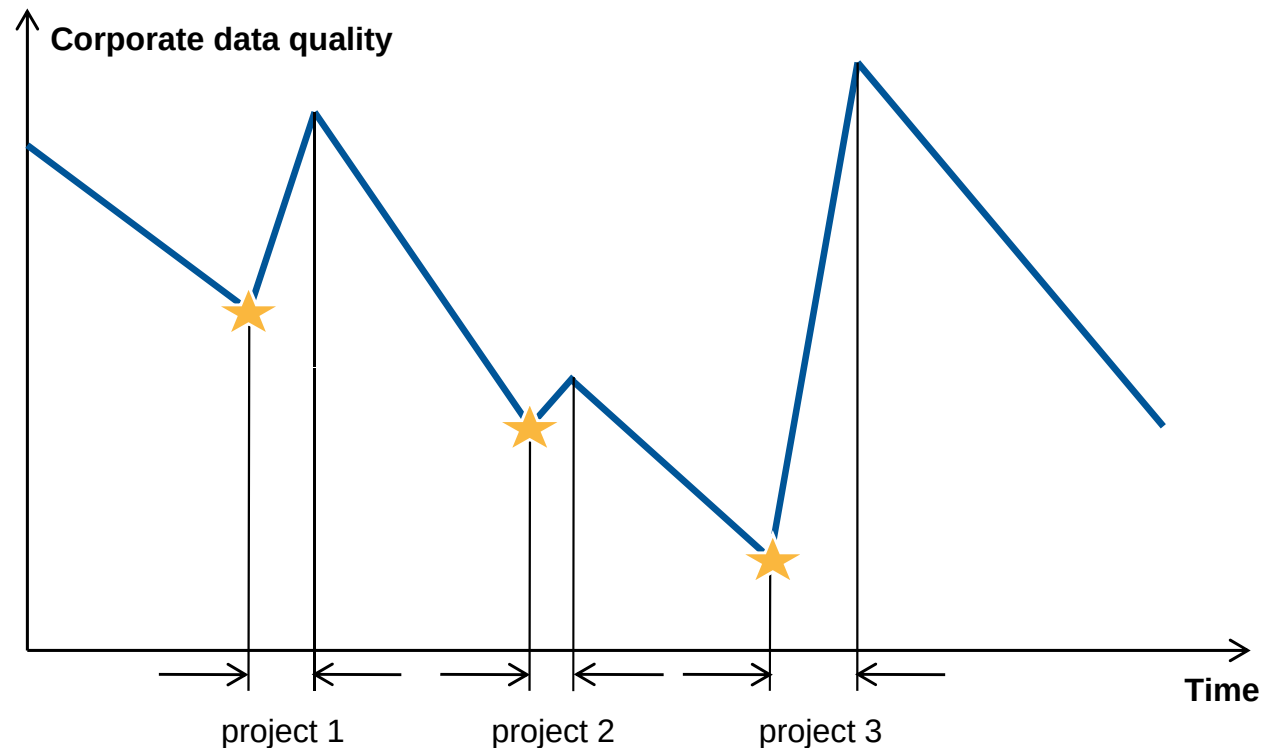


Corporate Data Management is a cross-divisional effort





Typically, Corporate Data Quality evolves over time like this

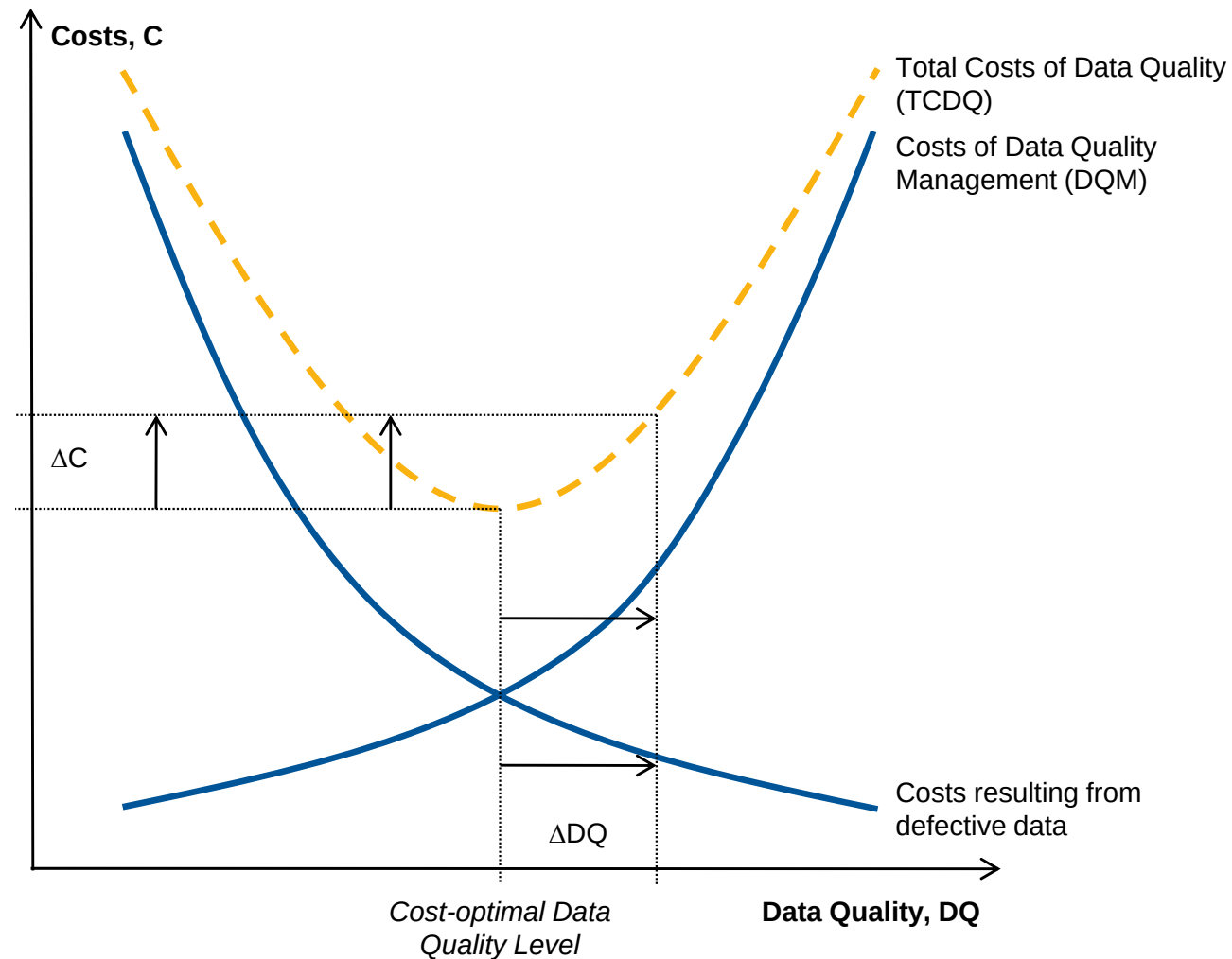


Legend: ★ CDO "Submarines"
(e.g. migrations, process errors,
irregularities in management
reporting).

- No risk management possible
- No chance to plan and to control budgets and resources
- No target values for corporate data quality
- No sustainability
- High recurring project costs (change requests, external consultants etc.)



Why a hundred percent data quality doesn't make sense...



Legend: DQM - Data Quality Management.



Corporate Data Quality principles at an international retail group

DEAR COLLEAGUES,

The actual setup of the [redacted] – giving all Sales Divisions a high level of independency in doing their business – is one of the drivers of its success by enabling them to serve the needs of their customers.

On the other hand the [redacted] still has great potential to raise synergies in all cross divisional functions on an international level. This requires a backbone of harmonized processes and systems, which enables the sales divisions to effectively and efficiently fulfil their customers' wishes on the base of high quality master data to be used throughout the [redacted].

Therefore the [redacted] aims for standardized internal and external master data with a high quality level, which will enable all companies to realize their synergies.

The principles below serve as a guideline for everyone within operating [redacted] companies (e.g. Sales Lines [redacted]) who are responsible for master data maintenance. They concern all employees involved in article listing (called below: "Data Maintenance"), all staff monitoring / reviewing master data quality (called below: "Data Audit") and those who define processes, organizational structures and systems design, e.g. project managers, business analysts and IT developers (called below "Data Stewards"). It is the purpose of these principles to influence these employees' decisions and actions as well as to raise awareness for the importance of master data quality within the [redacted].

[redacted]
Member of the Management Board

MASTER DATA QUALITY

Master data quality is defined as the degree of accuracy of master data. Factors contributing to master data quality include that master data:

- ✦ **Is correct** (wrong data may block or cumber the business process and create wrong figures, e.g. wrong lead-times may lead to over- or out of stock situations in the stores because of too early or delayed deliveries).
- ✦ **Is consistent** (e.g. key references such as GTIN or GLN numbers have to remain the same throughout all systems. Otherwise the identification of the respective articles or suppliers will fail).
- ✦ **Is complete** (i.e. that all key data such as references GTIN for articles or GLN for suppliers are available within the data base).
- ✦ **Does not contain duplicate records** (i.e. supplier or article have to be listed only once in the same data base or system, double listing is not necessary).
- ✦ **Is in line with international standards.**
- ✦ **Is stored in correct data type** (i.e. pre-defined data fields such as "date", "%", "currency" or other are to be used instead of free text fields wherever possible).
- ✦ **Is up to date** (i.e. that the data is available when needed and will be eliminated from the data base when not needed anymore – e.g. article lifecycle).



Country Code

Company ID

Article Number + Check Digit

THE PRINCIPLES

- 1 Each [redacted] company is responsible for the master data quality within its systems.

The individual country board of each company of the [redacted] is responsible for aligning processes and structures to enhance their master data quality by supporting the below principles.

The board also has to ensure the

- ✦ Nomination of one member of each company as "Data Steward" to ensure the internal communication of the principles, the implementation of required changes in processes and organizations
- ✦ Training of the "Data Maintenance" staff.
- ✦ Implementation of "Data Audit" for compliance.



Regular training for all affected employees is crucial to sustainably enhance competence in proper master data handling.

- ✦ "Data Steward" will set up trainings and operational instructions to increase the awareness for data quality and the correct usage of the systems.
- ✦ "Data Maintenance" ensures participation in the above-mentioned trainings and makes master data quality a topic within daily operations.
- ✦ "Data Audit" controls the implementation of trainings and participation of the "Data Maintenance".

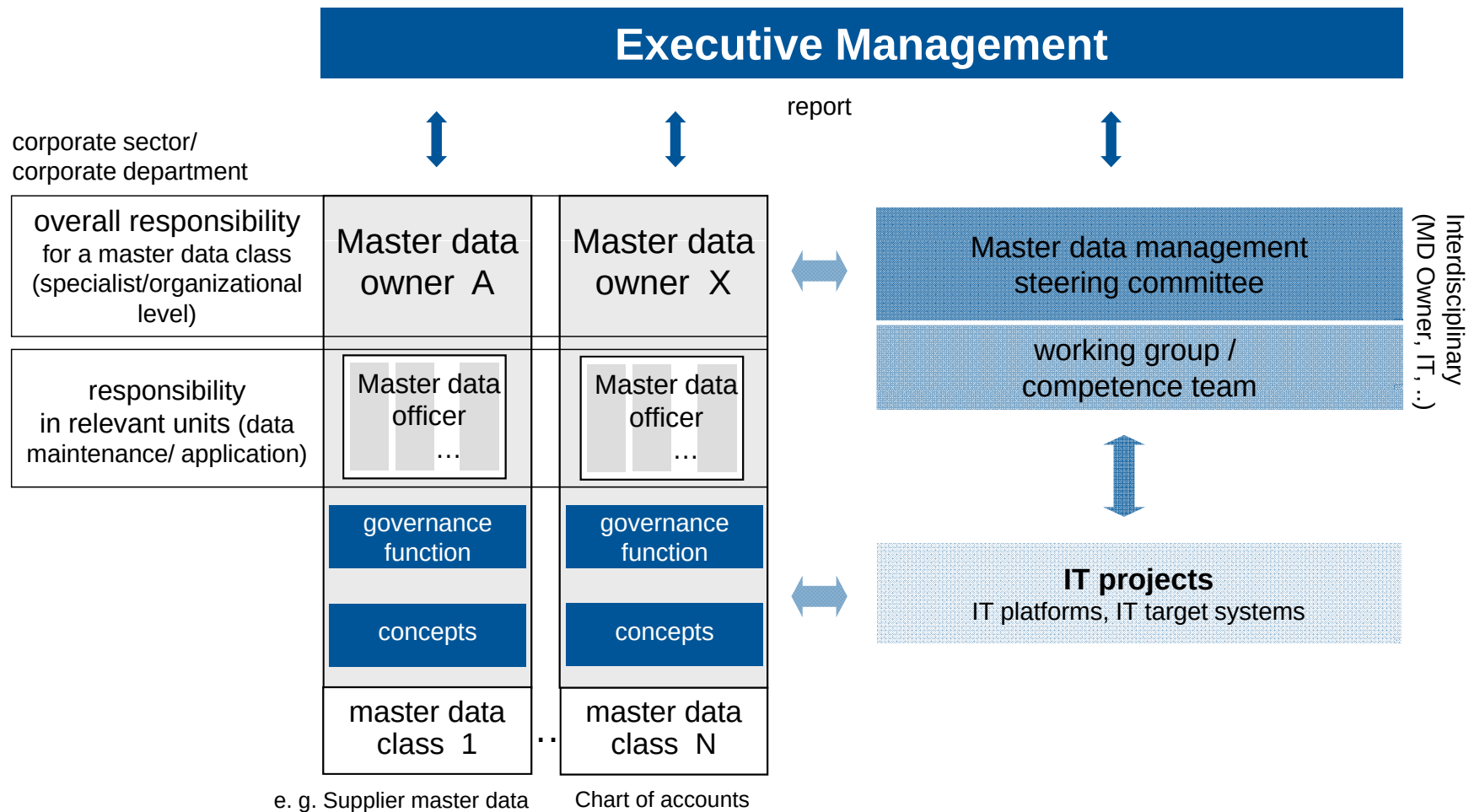
Corporate directive at a leading automotive supplier

Ensuring required framework within the organization:

- **Scope:**
 - Corporate master data (cross-BU)
 - Differentiation of master data classes
- **Governance:**
 - Tasks, Overall responsibility
 - Sustainable exercise
- **Roles and authority**
 - Master data owner (central)
 - Master data officer (central, local)
 - Committees
 - Methods, communication
 - IT
- **Procedure and collaboration model**

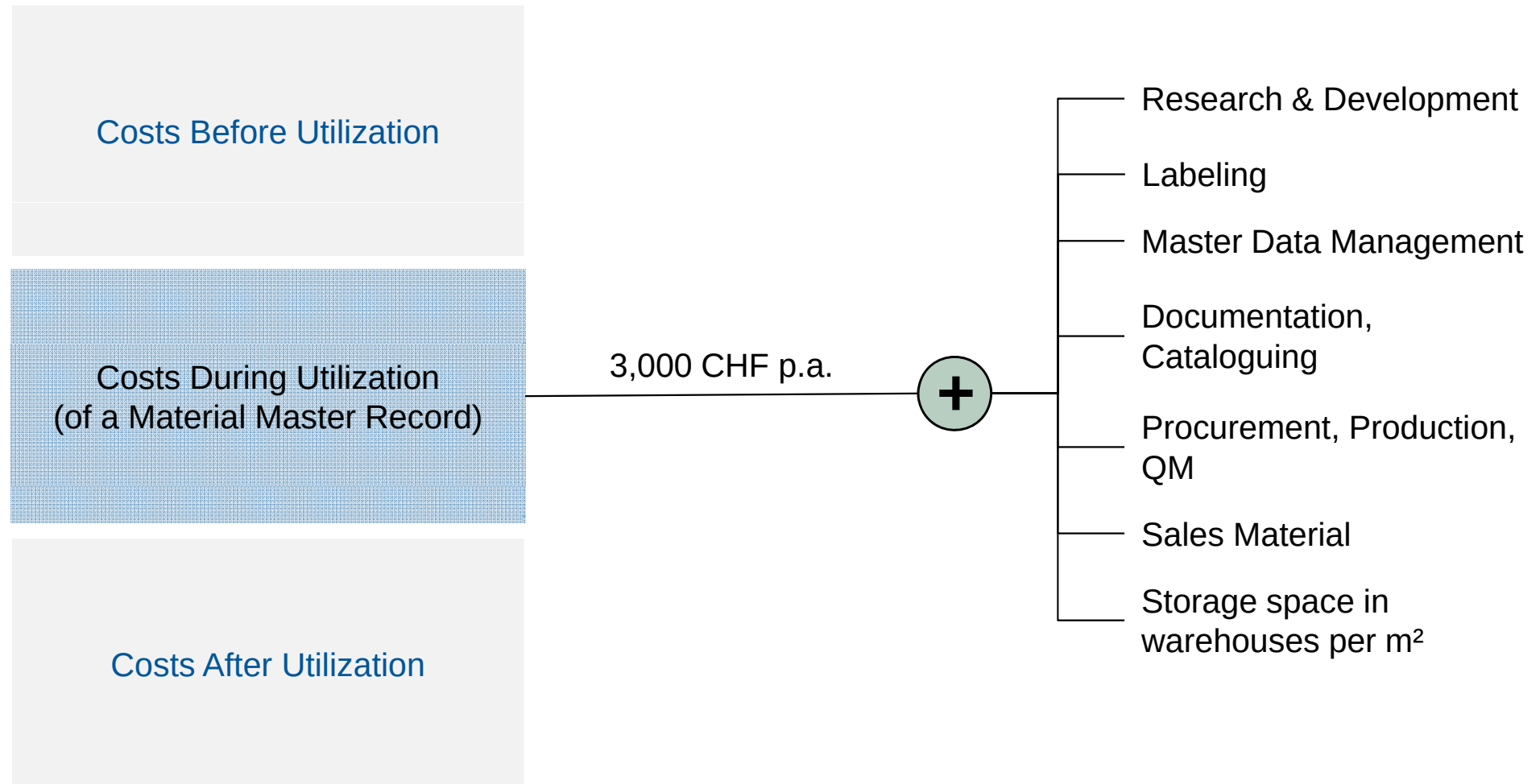


Corporate directive at a leading automotive supplier (cont'd)





Life-cycle cost of Corporate Data



Source: Lay, J.: Geld sparen mit Stammdatenmanagement. 20-Jahrfeier IWI-HSG, St. Gallen, 18 September 2009.

■ GEBERIT



Consortium partners¹ in the Competence Center Corporate Data Quality

 Bayer CropScience	 BDF ●●●● Beiersdorf	DAIMLER
Bayer CropScience AG	Beiersdorf AG	Daimler AG
		
DB Netz AG	Deutsche Telekom AG	Hewlett-Packard GmbH
	 ETA ^{SA} MANUFACTURE HORLOGÈRE SUISSE DEPUIS 1793	
E.ON AG	ETA SA	IBM Deutschland GmbH
		 NOVARTIS
Migros Genossenschafts-Bund	Nestlé SA	Novartis Pharma AG
		
Siemens Enterprise Communications GmbH & Co. KG	Syngenta AG	ZF Friedrichshafen AG

1) Overview comprises former and present partner companies.



Thank you for your attention!

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