Case Study

Pipeline to Profit; Integrated Business Planning

Benefits at a glance

▶ *2016 Net sales: €1,1 billion*

▶ *30% improvement in OTIF*

▶ *50% reduction in inventories*

▶ *Increased visibility*

▶ *Collaborative working across five regions*

As leading providers of plumbing and indoor climate solutions and as suppliers of municipal infrastructure systems, the Uponor Group has over sixty years' experience in the development and production of components, systems and plastic pipework.

In the last thirteen years, Uponor has undergone a radical transformation to become a world-class organisation, filtering out hereditary behaviours in the process. Helping to lay the groundwork for this remarkable achievement were business transformation specialists, Oliver Wight and global application provider, Oracle. Together, they developed a solution, combining Integrated Business Planning (IBP) and advanced IT systems to build the pipeline leading to Uponor's global success.

Imagine the **possibilities**,
realize the **potential**.

Oliver Wight

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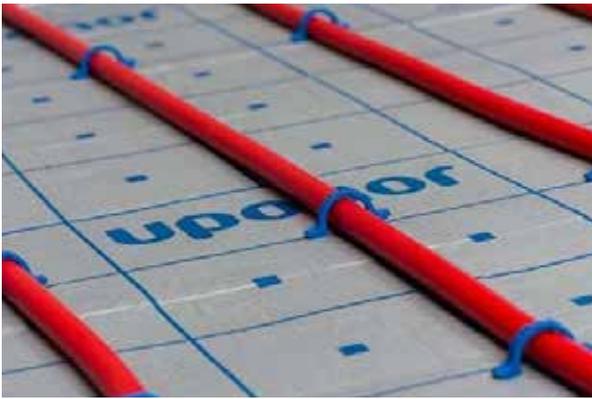
Elke Beckmann
*Director of Integrated Business
Management at Uponor Group*

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Following a determined effort to expand to international markets on the cusp of the new millennium, Uponor became the world's leading plastic pipe manufacturer, renewing its focus on housing solution applications, alongside pipe infrastructure systems. As a multinational organisation, the Uponor Group boasts a portfolio which extends over thirty countries and across five continents, with 3,900 employees working to deliver plastic based piping systems for buildings and infrastructure. It provides safe drinking water delivery systems, energy-efficient radiant heating and cooling and reliable infrastructure solutions to thousands of companies worldwide, both residential and commercial.

Global domination

In the last decade, it has concentrated its efforts on centralising its various branches of businesses by introducing unified processes and an integrated supply chain, and building close relationships with other building industry professionals.

This culminated in the creation of a new joint venture company in 2013, Uponor Infra and the acquisition of Delta and KaMo, strengthening Uponor's reach to new segments in international markets, including Northern Europe, USA and Canada. Prior to its global dominance of building technology and utility pipe sectors of the market, Uponor had humble beginnings in 1938, as Upo Oy, the sister company of Finnish furniture supplier Asko. Initially Finland's largest diversified metal industry supplier and producer of household appliances, Upo Oy

extended its interests into plastics in 1965, opening a plant in Nastola. 1982 saw the creation of Oy Uponor Ab, a joint venture which placed plastic piping production at its core. It grew to become the leading plastic pipe manufacturer in the Nordic countries, before its successful transition into European and North American markets in the 1990s.

Too much, too soon

The rapid acquisition of several companies – including Wirsbo, Velta, Hewing, Polytherm – was evidence of Uponor's burgeoning success, but also served to quietly shield a multitude of inherited business practices. With no set foundations upon which to formulate multi-organisational

business plans, each newly acquired sector of Uponor was left to its own devices, following the group's multi-brand and multi-channel strategy.

Isolated and individual ways of working were the norm, with collaboration between companies evident only by the submission of monthly financial reports (including income statement, balance sheet and miscellaneous) into one system. Adding to the issues was the fact that the financial figures being communicated merely skimmed the surface – income statements, balance sheets and miscellaneous spreadsheet data provided little workable information.

Elke Beckmann, Director of Integrated Business Management at Uponor Group recalls, "There was good financial analysis individually, but limited operational information from entity to entity. Everyone worked on their own, rather than together. We didn't have a good overview on where we were in terms of inter-company business, and what we did have was gleaned from financials and volume information."

Bad practice became standard practice, with uncomplicated events such as vacations sparking chaos. The 'short notice' announcement of a factory closure for a week's annual leave generated unprecedented 'just-in-case' demand, with orders pushed through at the detriment of efficiency and profit. Inventories soon swelled, with double-stocking in factory warehouses commonplace. Elke reveals, "We had no control over inventories and this hoarding mentality became normal, in factories as well as warehouses."

The factories themselves belonged to local organisations rather than a central entity, meaning there was little or no cross-country or cross-function collaboration, resulting in mind-boggling inconsistencies. For example, across Europe, ranges of hundreds of products produced around 120,000 codes, because each country had different SKU codes for the same items. Product improvement and technology departments were also localised, resulting in parallel developments and duplicated innovation, due to a pervading lack of communication throughout the organisation. "We were really isolated," says Elke. Uponor had yet to gain recognition as a singular brand, with its multiple inter-companies occasionally vying for the same clients, and overwriting or underwriting themselves as they unknowingly competed against each other for the same contracts. To summarise; the right hand didn't know what the left one was doing.

Inspiring change

With company growth stalling and competitors hot on its heels, Uponor realised it needed to change. CEO Jan Lång, subsequently joined the company with a vision of transforming the business from a decentralised group of companies, to a unified organisation operating under a single brand.

From the outset, it was clear this would have to be a collaborative effort; consolidation could only be possible with company-wide access and sharing of data, through an integrated software solution. Cue Oracle, who concentrated on implementing a merged IT platform alongside and in parallel to Oliver Wight's programme of transformation to drive cooperative behaviours and award ownership to the right people. "It was Lång who urged the implementation of the sales & operations planning process," says Elke, "He was aware that you could only successfully do this with the support of the entire company, and understood the importance of persuading others that not only was this the best way forward, but it was the only way forward."

Initial introductions between Oliver Wight and Uponor were made via Oliver Wight's initial workshops, coordinated by Lång. After sampling Oliver Wight's expertise with a preliminary IBP workshop, Uponor's management team was quickly convinced the transformation specialist could help them construct the toolkit necessary to reassemble its company into a world-class performing organisation. With the help and guidance of OW`s consulting partners, the Uponor team designed and implemented a renewed programme of education and activity.

The aims were clear; driving common processes of working, implementing cross- organisational collaboration and increasing visibility across the organisation by working from one set of numbers. Uponor wanted to create one company agenda, centered around three cornerstones; control, response and growth.

From S&OP to IBP, to integrated IT

Supported by Oliver Wight, Uponor's transformation team began to introduce change with the implementation of Sales & Operation Planning (S&OP). As Integrated Business Planning's (IBP's) predecessor, S&OP lay essential groundwork in the initial integration of Uponor's multi-business structure, redesigning multiple organisations into a Matrix network which operated from the same instruction manual. Oliver Wight introduced IBP in the following year, as the next- generation of S&OP, representing the evolution of the process from its production planning roots into the fully integrated management and supply chain collaboration process it is today.

Once the top-management was on board, Uponor began to gently filter through IBP into selected countries in the following year. "We weren't able to do it 'big' at first, as we were still fragmented at that time," admits Elke, "But after the success of the workshops, this was the next step."

Oliver Wight's shared insights were integral to Uponor's future ambitions, as the organisation began to make serious considerations to roll out an integrated IT system to maximise operational excellence. Uponor had already recognised the

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Elke Beckmann, Director of Integrated Business Management at Uponor Group

advantages of one common IT platform to harmonise processes, and had pre-designed them in preparation for system implementation. By knowing what functions were required, Uponor could check best practice against the best IT tool support for complete integration end-to-end.

With established quality and functionality benchmarks, Uponor compiled a shortlist of potential software systems. "It needed to provide planning functionality, as well as end-to-end functionality," says Elke. "Measuring our processes and consistent evaluation of our performance was a pre-requisite, so that we could continue on our journey to developing best practice processes."

Ultimately, Oracle ticked all the right boxes; not only was it also already successfully in use in Uponor North America, but it could meet Uponor's technical requirements. With support readily available in the US and improving in Europe, it was positioned to deliver the global support Uponor needed. Oracle provided Uponor with the reactive responses necessary to accommodate customer demand, improving their processes where they fell short. The two projects – IBP and Oracle – were launched in parallel, both starting in Germany before moving to the Nordic countries, South West and Eastern Europe, with the first phase of the roll-out concluding in Spain. Meanwhile, Asia was also working on the integrated platform.

The realities of introducing an integrated IT tool into a then-still-disjointed business were challenging. Elke recalls, "We learnt along the way. When we implemented the software, not everything was available right away. So, some people went back to the old system and started inventing their own reports again." Fortunately, the management teams at Uponor were already faithful Oliver Wight converts, ready to practice what was preached. "We made really big steps in communicating, working together and getting the teams on networks communicating with each other, with regular calls to change old behaviours."

Pipeline to success

And it worked. Uponor saw tangible results instantly. There was a harmonization of item, customer and supplier numbers and coding, with different countries finally working with the same codes. 120,000 item numbers were whittled down to just 10,000 – 12,000, with on-going plans to continue to streamline product portfolios. This seemingly small reform was the beginning of a new era for Uponor, centered around consistency, communication and collaboration.

Uponor introduced a group level Management Business Review, based on conducting parallel monthly cycles in its three segments. This monthly 'check and correct' activity enabled the leadership team to monitor progress and adjust plans accordingly as new information became visible and

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decisions were communicated back to the organisations in the form of the latest approved IBP plan. Issues and potential problems are now monitored, discussed and solutions are executed the same way in all the segments using one set of numbers.

This was a radical change from Uponor's previous way of working in silos, and the outcomes have been an irrefutable testament to its success. After completing the major go-lives, inventories have been reduced by 50% and delivery performance has improved by 20-30% in OTIF (on-time in-full), with a focus on having the products at the right place, at the right time. "One of biggest benefits is the absolute increase in visibility." Enthuses Elke, "We have clear visibility of what is on our shelves. With monthly planning using a 24-month rolling horizon, we have the plans and their implications on the overall direction for two years ahead."

And increased visibility stablises volatility. "Changes in the market place, big projects and currency fluctuations cause instability in our demand plans, but we still have 90% accuracy overall," says Elke. "Improvements in visibility also help us meet customer expectations when it comes to make-to-order items for larger projects, which require often bespoke manufacturing."

By driving collaboration across all departments, Uponor has achieved its goal of working from one set of numbers,

underpinned by assumptions and activity plans. In turn, this has helped to forge a close co-operation with Uponor's key suppliers and customers, as reduced costs and increased reliability bolster its reputation as the global go-to-guys for piping, infrastructure and climate solutions. Elke says, "Customer service has improved and the internal replenishment process has been streamlined, with European production sites serving all countries equally, via distribution centers and supply planning filling up sales unit stocks."

Underpinning Oliver Wight's transformative philosophies is the concept of people, processes and tools, and cultivating the right environment to enable a top-down, bottom-up approach has been fundamental. Uponor has been especially quick to recognise that people are the catalysts in inspiring transformation, and that knowledge empowers them to motivate change. By educating their employees from the outset, Uponor's staff could engage and personally invest in the transformation project. With the rationale behind IBP explained, individual roles and responsibilities properly defined and with the provision of workshops, Uponor began to successfully transform the cultural behaviours and climate.

Uponor's emphasis on education steered its transformation. "True knowledge and training inside the teams is essential. Don't underestimate the implications of inadequate training," advises Elke. "In the beginning, it was difficult to get good people on site who knew the system by heart." Consequently,

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at Oracle's debut in Germany in 2006 not all programmes were integrated with the IT platform, making a full audit impossible and hindering Uponor's goal of 'one set of numbers'. But the initial rollout helped to tighten the nuts and bolts of future launches, with Uponor able to integrate Oracle inside six months.

As it stands, Oracle is the most common IT platform in 95% of Uponor's sites, translating in real terms as fourteen production facilities, twenty-seven warehouses, thirty-eight units in thirty countries. The smaller units inside Europe aren't suited for a full transition to Oracle, so existing IT systems have been integrated with the global Oracle platform.

Light at the end of the tunnel

Looking ahead, Uponor is keen to maintain its trajectory towards worldwide recognition as the leading piping, infrastructure and indoor climate solutions organisation. The game-plan? Embracing and harnessing new technologies and software.

"It's about automation and really ultilising tools for continuous improvement," says Elke. "We want to implement further supportive software, for applications like scenario planning to further increase efficiency, as well as additional functions to continue to streamline execution processes." Oracle will continue to wield a key role in increasing

efficiency, and in meeting requirements to facilitate software to continue to support Uponor's aim of aligning its strategic agenda and direction with its forward plans.

Oliver Wight has continued its supportive role with Uponor, "Uponor completely embodies Oliver Wight's key principle," says Birgit Breitschuh, Associate at Oliver Wight EAME, "That continuous improvement is vital to stop you falling behind the competition, and is crucial in achieving sustainable success."

When you talk to Oliver Wight about improving your business, we'll assume you want results, not just better processes - things like increased revenues and margins and greater market share. If you have the ambition, it is possible to make improvements that truly transform the performance of your organization and create more fulfilling roles for the people within it. We believe this can only be delivered by your own people. So, unlike other consultancy firms, we transfer our knowledge to you; knowledge that comes from nearly 50 years of working with some of the world's best-known companies.

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