

# Spaghetti Systems

## BUSINESS TRANSFORMATION AT BARILLA INCLUDES PLM INITIATIVE

If the logo looks familiar, it's because Barilla is the No. 1 national brand of pasta. The company is run by fourth generation members of the Barilla family and the Barilla Group is made up of Barilla, Grand Milano, Kamps AG and Harry's and is headquartered in Parma, Italy, as it has been since its founding in 1877. In 2006, Barilla was rated the most world respected company by the Reputation Institute of NY, (published by *Forbes*).

Barilla America Inc., launched in 1996, is the U.S.-based division of The Barilla Group, Italy's largest food producer, with corporate offices located in Bannockburn, Ill., a northern suburb of Chicago. Just three years later, Barilla became the No. 1 brand of pasta in the United States.

The introduction to America came with the goal of translating the long-standing Italian tradition of Barilla pasta to modern American life. The company's intention was to offer American consumers more than the basic pasta shapes they had seen on supermarket shelves for years. Barilla wanted to bring authentic Italian cooking experiences into

American kitchens by offering the exciting, unique shapes from the kitchens of Italy. Today the company offers 120 different shapes of pasta.

In 1999, the company opened its first American plant in Iowa, which features exactly the same production line, layout and processes as in Italy. With double-digit growth in all but one year since then, the company decided to open a second plant in New York State, which will go live in production this July. Mauro Viacava, chief information officer, Barilla Holding SpA, attributes this growth to delivering the right product at the right time, with good marketing and innovation in product. For example, in the states Barilla introduced Pasta PLUS, a premium, multi-grain pasta made with wholesome ingredients that are naturally rich in protein, fiber and omega-3 fatty acids. He also believes that Barilla represents the "Italian gastronomy;" there is a lot of story behind the company and a lot of culture behind the products, and this helps penetrate the market.

### BUSINESS TRANSFORMATION

Viacava has been with Barilla for three years and has experience at other multi-national companies in other industries. He was known for transforming a company's technology and processes, and was brought on to transform Barilla in a move to make it a true multi-national company. Naturally this required reengineering the processes and implementing IT solutions to change the organization.

Barilla was using an 18-year old custom system designed to support an Italian company not growing an international business; it was designed to support functions and not processes. They decided to change processes while they were changing the ERP system and moving to a new IT platform. Tools here include: SAP, Manugistics and Dassault Systemes' ENOVIA MatrixOne.

This was no small undertaking, but a more than \$50 million transformation program with the direction of implementing new capabilities for growing the company in the next 10 years. Viacava says they wanted to achieve integration, standardized processes, cope with future business challenges and increase speed and efficiency.

### PRODUCT LIFECYCLE MANAGEMENT

With regards to the product lifecycle management (PLM) part, they didn't have the tools to support this area and were looking for a solution. Viacava had prior positive

experience at another company with MatrixOne, and praises the selection and ease of implementing. They really only looked at one other alternative, but found this to be the best solution. He explains, "MatrixOne is really designed to support PLM. It can manage all different sources of information linked to the product or the component or the raw material or the processes or the manufacturing. It works with structured and unstructured information very easily." He says the implementation was done in several steps using the standard solution as much as they could — they did not have to personalize it that much, but leveraged the functionality it already had.

In this PLM project objective, Viacava explains that they were mainly looking for knowledge management, because prior, the notes were in the hand of each researcher or each marketing person and so on. The company wanted a tool to keep the knowledge within the company and make sure that each team from different functions, working to develop the product — R&D, procurement, marketing, quality, manufacturing, etc. — could share the knowledge and work in a more integrated way. He notes that this was one of the key goals. Viacava says, "We were able to change the way we operate within different functions and this is the most important advantage — moving from a functional approach to a process approach."

It started with the reengineering of the master data. In different countries the product names and attributes were different and he explains that they wanted to implement an agreed upon standard — both company and worldwide. The second step was product specification both for finished and semi-finished product, packaging and more.

One other reason for selecting MatrixOne, Viacava says, was its functionality versus Barilla's requirements. They also got very good references from the consumer packaged goods space and MatrixOne was a certified integration partner with SAP. "That was very important to us," he notes. He also pointed out that the solution is a user-friendly model and was absolutely focused only on PLM.

Through the project, Viacava says, they worked with their key users to design and implement. He affirms that this is critical. "They had the right

knowledge to design the proper tool and process." When they went live the changes were so huge that people were immediately on board and understanding the value. There was a little resistance — a few who wanted to work the same as they had for 10 years. "But after two to three months even they recognized the new way of working was much more valuable and effective," Viacava says. For example, there were some issues in packaging since they were not used to inserting a lot of information. This function viewed the new process as a waste time. However, Viacava says they stayed very close to user explaining and training. It was key to have dedicated time and resources to the user so they understand the worth.

The solution is in place and running for 600 users in 23 plants across all functions such as marketing, R&D,



Barilla brought authentic Italian cooking into American kitchens with 120 different pasta shapes.



### BARILLA FACTS & FIGURES

- 12** brands
- 26** production sites
- 126** export countries
- 600** products
- 500** million eggs
- 350,000** tons of soft wheat
- 1.25** million tons of durum wheat
- 9** billion pasta dishes!

QA, customer service, data processing, planning, manufacturing, etc. They replaced eight legacy systems and implemented in 12 countries. From go live, the company has reduced lead-time in terms of data gathering for a new product by 66 percent — that is from 60 to 20 days. Product attributes were also reduced by 50 percent. It took five months to implement the master data stage and six months for specifications.

As for the next step, Viacava says Barilla is going to use MatrixOne to produce product catalog to be published on the web and downloaded by the customer. “We use the MatrixOne capability for document management that are not linked with the product also. We have seen that the functionality is flexibility and is not too costly compared to other dedicated solutions. We are analyzing now to see if it makes sense to



Barilla's innovative new pasta line.

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► MAURO VIACAVA, CIO, BARILLIA HOLDING SPA

extend to the rest of the company,” he concludes.

Finally, Viacava points out that the initiative did not launch by itself. “It was fully aligned with the transformation program overall, affecting many other core processes and being an integral part of company’s strategic plan. This obvi-

ously ensured that management and user were fully on board, sharing the objective, target and results,” he says.

He also suggests that the implementation approach of going step by step helped to minimize the risk and let the user understand the value of what was being released.

“You get credibility from the first phase and you can go into a second phase with more complexity and you get additional credibility to go into a third phase.” **CG**

BY ALLISTON ACKERMAN

# On The Scene

## HOW CONSUMER GOODS FIRMS ARE APPROACHING INNOVATION IN THE NEW YEAR

Consumer goods companies are challenged to bring innovative new products to market while incorporating consumer trends and meeting retail demands. Some companies are inking deals with enabling technology and service providers to improve new product development & introduction and product management processes, others are getting downright creative in the way they seek new product ideas. Here is a sampling of how leading consumer goods companies are ramping up innovation efforts in the New Year:

### Henkel Launches Competition for New Ideas

Henkel, the maker of such brands as Dial, Loctite, Purex, Dep and Duck brand, launched the “Henkel Innovation Trophy” competition in January, inviting all independent inventors to submit creative ideas to be reviewed and evaluated by Henkel. The objective is to add further impetus to Henkel’s own innovation efforts. The awards for the winners include cash prizes plus the chance to join Henkel in the commercialization of the associated proprietary rights. Henkel declared 2006 to be its “Year of Innovation” and will continue the program into 2007 by involving its employees worldwide in the conception of new products. Henkel has long collaborated for innovation with external partners such as research institutes and universities, as well as utilizing the expertise available from its own R&D activities. The concepts need to offer a good fit with the portfolios of Henkel’s four business sectors: Laundry & Home Care, Cosmetics/Toiletries, Consumer and Craftsmen Adhesives, and Henkel Technologies.

### Kimberly-Clark Drives Innovation

Kimberly-Clark and Cognizant sign an five-year, multi-million dollar IT applications outsourcing agreement



Henkel declared 2006 the “Year of Innovation” and will continue the program into 2007.

that will cover an array of SAP and customized software applications, including product management (as well as strategic planning, supply chain planning and execution, sourcing, sales and marketing, data exchange and compliance, enterprise management and customer management). “We were looking for a partnership that would deliver cost savings via worldwide sourcing and would transform how we deliver IT applications in support of our global business plan,” says Ian Maginnis, vice president of business support delivery, Kimberly-Clark. “We chose Cognizant as our preferred partner for applications outsourcing due to its track record of global delivery, high standards of customer satisfaction and close cultural fit, in addition to its demonstrated capabilities in driving transformational outsourcing programs.” Under the agreement Cognizant will deliver IT applications services to Kimberly-Clark across various locations in North America, Europe, India and Latin America. This partnership is one of many that Kimberly-Clark has

made this past January as the company also announced selecting Tata Consultancy Services for global IT infrastructure support; Genpact for finance and accounting services; and ICG for sourcing and supply management services.

### Polo Ralph Lauren Builds Exclusive Brands

Polo Ralph Lauren Corporation is starting a new group named Global Brand Concepts (GBC), which will develop new lifestyle brands for specialty and department stores. For almost 40 years, Polo Ralph Lauren has built multiple brands under the Ralph Lauren name; and as such, the company is positioned to work in partner-



ship with stores seeking individuality in the marketplace by creating their own exclusive brand. The group will be available to design, market and advertise full lifestyle product, including men’s, women’s, children’s, home and accessories. “There’s a strong need in the marketplace for individuality to drive traffic into stores,” says Chairman and Chief Executive Officer Ralph Lauren. “We will meet that need by partnering throughout the process on quality design, operations, marketing, merchandising and advertising. We can be all of that for stores looking for new, specialized brands.” Company President and Chief Operating Officer Roger Farah adds, “This fits into our overall strategy of continuing to invest in the breadth of our unique offering. We are setting up a structure which can basically be a one-stop shop for companies in need of niche opportunities to meet customer’s demands.” **CG**