



## **«We want to save costs, yet still operate more efficiently and effectively»**

Dr. Vincent Lebet, head of innovation and corporate development of the Lucerne HOCHDORF group answered the questions of Jasmin Joller, journalist-in-training, regarding the co-operation with external IT consultants.

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In 2003 Hochdorf Nutritec AG took over Swiss Milk Company (Schweiz. Milchgesellschaft AG), and Multiforsa AG, which lead to the foundation of the HOCHDORF holding. Subsequently the existing IT systems had to be merged and integrated into a larger, integrated system. Together with the experts of Cygnum SA, the HOCHDORF group developed and implemented a strategy to optimize the entire IT architecture. The objective: To enhance operational efficiency and effectivity, while concurrently cut costs. Dr. Vincent Lebet, head of innovation and corporate development of the HOCHDORF group reveals the outcome.

### **Mr Lebet, why did you work together with external consultants?**

The merger generated a group of 480 staff members. Each company had its individual IT department and a different IT architecture, which we had to standardize after the merger. Of course we are basically up-to-date about new developments, but IT is not one of our core competencies. Therefore we were looking for an external specialist, who was able to support us in building our integrated IT system. And to find a partner, who was familiar with our business and who openly communicated his opinion was particularly important to us.

### **You chose Cygnum SA. Why?**

So-called independent consultants are frequently acting on the assumption of certain products or solutions rather than of the specific problems and characteristics of the client. I think that this is not in the best interest of the client. Therefore we were searching for someone who looked into our requirements and needs, who objectively and professionally acquainted himself with our situation and who was getting an open-minded idea, before making a proposal. And this is what the Cygnum consultants did. Even more than this: they held a mirror up to us, and actually uncovered hidden deficiencies.

### **How long have you been working together with Cygnum?**

We started our collaboration in June 2003. Beginning next year the ERP (Enterprise Resource Planning) solution will be fully operational. The Cygnum consultants are monitoring the project and continuously supervise our progress. Thus, they guarantee the quality standard as well as the progression of the project - which is of utmost importance especially for such complex tasks. In order to secure a smooth transition as well as a long-term successful operation of the ERP solution we have budgeted additional resources for the time after the implementation.

### **How did the co-operation start?**

First we analyzed the existing IT and compared the result with the current standards. In the process we identified infrastructural and technical room for improvement. This was the basis for the development of an IT strategy, which defined our requirements in terms of a business solution. During this important process the Cygnum consultants acted as our sparring partners. Together we evaluated the presentations of ERP system providers. Cygnum was instrumental during the decision making process; however, the decision was made solely by us. The client cannot delegate the decision and the responsibility associated with it.

### **How did you co-operate?**

From the very beginning, it was important to us to implement the project efficiently and pragmatically. Particular emphasis was put on the transfer of know-how from the solution providers and from the Cygnum consultants in order to enable us to independently operate and maintain our IT after the implementation of the ERP solution. Of course this required our pro-active co-operation - and thus the entire process became an interaction between the system provider, the consultants and the client. Such an interaction on equal terms enabled the parties to communicate openly and to constructively criticize when it came to pointing out to problems and to jointly find solutions.

### **What benefits resulted from the co-operation with external consultants?**

Throughout the entire project, from the inventory to the definition and strategy to the implementation, the Cygnum consultants played an active role as key contacts. They selectively supervised the progress of the individual project steps and provided the pressure, which is sometimes necessary to implement a project. Due to the open-minded

approach of the Cygnum consultants, they could identify resistance in the change process and were able to help to overcome it together with us. It is easier for an external consultant to take drastic measures in difficult processes, because he does not consider individual interests. Therefore this kind of co-operation can prove to be demanding for all parties involved - but nevertheless it is a unique chance if taken advantage of.

**Did any disadvantages result from the co-operation?**

Not really. However, the co-operation is a process, which severely challenges everybody involved, because everybody must face problems and tackle them. This requires everybody to have a high social competence, so that all can work together to reach a common goal.

**Has the co-operation been profitable for the HOCHDORF group?**

It is too early to answer this question. Individual sub-projects already brought savings, as promised by the Cygnum consultants. I am confident that we will save money also with other sub-projects and this means with the entire project. Our common goal is to save costs, yet still operate more efficiently and effectively. We are on the right track.

**How did you benefit from the know-how of the Cygnum consultants?**

The ongoing interaction is crucial for the success of this project. The Cygnum consultants are not only IT experts, but also have a broad know-how of business administration. This is valuable because it lets them better understand business processes. Their integrated thinking lets them perceive the correlation of organization, technology and methods. And as they are open and communicative individuals, they don't keep their knowledge and know-how to themselves but share it with us. Everybody has benefited from this.

**What do you expect from this co-operation for the future?**

In the long run, I expect even more savings. And in addition to that, we want to focus solely on our core competence, the food business. This is why we need an efficient, effective, low-maintenance IT, so that we can concentrate on more important matters.

**What would you do differently today?**

Not much. Each of the three sub-projects were implemented without major problems, like being all of a piece. In the early stages, we had not been

entirely aware of the real dimension of the project. But the jump into the deep end held also an advantage: we did not flinch from the enormous challenge. With the benefit of hindsight there is one thing I would do differently today ... The Cygnum consultants prompted us to implement the strategy more rapidly. Unfortunately, we were not responsive - and thereby caused the delay of some process steps.

**Is it profitable to work together with external consultants?**

This depends on the own IT competencies. For companies with core competencies other than IT, it does make sense to work together with external consultants. Due to the fact, that methods and technologies change ever more rapidly, a non-expert will hardly be able to keep the overview, which is necessary to make the right decisions. For us the co-operation was profitable by any means.

**What advise would you give to companies, which are in a similar situation as the HOCHDORF group was 5 years ago?**

The core question is: What happens if we take over another company tomorrow? Will our IT be able to cope with this growth? Many SME (small and medium-sized businesses) with a core competence other than IT, are working with an IT architecture, which they have built on the side. If the company grows, this IT architecture often does not fulfil the requirements anymore. Such a situation requires competent and independent consultants, who act on the specific problems and characteristics of the client instead on the assumption of certain products or solutions. This investment will show a profit sooner than most people would expect: good advice is not expensive, good advice is precious.

**Mr Lebet, thank you very much for this interview.**