

Romec opens up contract performance with Cognos and Simpson Associates.
How better business intelligence is boosting profitability and improving customer service



The Organisation

Romec is recognised as one of the UK's leading providers of integrated facilities management solutions and building maintenance services.

Working in partnership with some of the biggest names in the UK including Royal Mail and Marks and Spencer, the company provides a broad range of business outsourcing services from security and cleaning to printing and repairs.

Its 5,000 strong national workforce services over 15,000 UK sites, 24 hours a day, 365 days a year.

Problems Faced

Whilst Romec had a good picture of the revenues being generated by the different areas of its business, it was often difficult for account and contract managers to assess the profitability of clients at a contract level.

Externally, contract and account managers across the business were under increasing pressure from customers to produce better pricing structures. Without accurate information on the profitability of contracts they were often forced to make assumptions about service levels and pricing that could not be properly verified.

From an internal perspective, this lack of information also made it difficult to review overall performance and business profitability. Whilst managers had access to standard information about client service levels such as the number of visits to a client site, cost of materials, subcontractor information and additional business opportunities, it was only available on a monthly basis. In some cases, the data was a month out-of-date before it could be accessed, taking away the ability to act quickly if targets weren't being met.

Debbie Yarwood, financial controller at Romec explained: "According to one frustrated contract

Industry:

- Facilities management

Geography:

- UK

Information Needs

- Contract profitability

Platforms

- IBM DB2 / SQL Server

Users:

- 130

Solution

- Cognos scorecarding

Benefits

- Better business performance and increased profitability

Cognos Partner

- Simpson Associates

manager, he found that whilst he could get most of the answers to his performance-related questions at the end of the month, this was often much too late. The information was too outdated to allow him to influence activities the following month and he couldn't take remedial action to improve contract management if it was required. This was a common complaint across the board."

Strategy Followed

Romec recognised the need for change and started working with Cognos partner and performance management specialist, Simpson Associates.

Romec and Simpson Associates embarked on an initial project to review the current issues and develop a solution to accurately measure contract profitability and therefore improve overall business performance.

A team from Simpson Associates worked closely with the finance and operational contract management departments within Romec to source, develop and implement the technology to provide better intelligence on contracts right across the firm.

“We knew we had vast silos of customer data and information but the problem was translating this into useful intelligence that would help us alter the way we operated to increase efficiency and profitability,” said Yarwood. “Essentially, we needed a Profit and Loss statement for each customer covering the various services that we provided to them.”

The joint team set about transforming the management of contract performance. Working together they developed a de facto standard for measuring contract performance that was made available to key stakeholders across the business. This included identifying key drivers and metrics and setting realistic but flexible targets around contract profitability, as well as ensuring that this information was available anytime, anywhere.

During this process, Simpson Associates recommended implementing Cognos. Romec was familiar with Cognos Planning solutions as this was already used extensively within the finance department. As a result, in 2004 Romec rolled out Cognos scorecarding across the organisation to some 130 users.

Benefits Realised

“Guess work and gut feel are a thing of the past,” said Yarwood. “For the first time, our finance team, contract and account managers have fast access to accurate contract profitability, status and performance.”

Cognos scorecarding is used to produce monthly reports into contracts across the business including key performance indicators such as fault reports, site visits and cost of materials. Not only does it report on failing metrics but it also guides users to other relevant business critical reports such as company profit and loss (P&L) and Days Sales Outstanding (DSO). As a result, managers can see immediately if any contracts are failing to meet targets, assess what’s happening, and take the appropriate corrective action.

Users can also drill down into the detail if they need to undertake more in-depth analysis into individual contracts and make more informed decisions about service and pricing levels.

From a new business point of view, it means Romec can now take a more scientific approach to contract renewal or new tenders. Having accurate information on contracts means service level pricing can more closely match overall profitability.

Yarwood explained: “The Cognos solution enables us to see what is happening at the coal face and how this impacts profitability. We no longer have to spend hours trawling through various reports and making phone calls. When managers need to look in more detail at individual contract performance, the solution guides them to the right information and reports.”

There’s also been an added bonus to rolling out the Cognos solution and this has been a change in the way people view technology across the company.

“The collaborative nature of the project meant that many people internally learned new skills and grew in confidence. They feel that the system is truly theirs, as they helped build it. Best of all, it will grow and evolve over time with our business,” concluded Yarwood.

About Cognos

Cognos is the world leader in business intelligence and enterprise planning software. Our solutions for corporate performance management let organisations drive performance with planning, budgeting, and consolidation, monitor it with scorecarding, and understand it with business intelligence reporting and analysis. Cognos is the only vendor to support all of these key management activities in a complete, integrated solution. Founded in 1969, Cognos now serves more than 23,000 customers in over 135 countries.