Organizational Efficiency in adidas Group

Interview with **Guido Bombelli - SVP Finance Group adidas Group**

Guido Bombelli is a Finance leader at executive level with extensive multi-national experience, matured in corporate/HQ environment and local affiliate level. Extensive Board level exposure. Passionate, engaging, positive team-leader with a "can-do attitude". Visionary strategic thinker, yet realistic planner.
Specialties: In depth knowledge of apparel, fashion and sporting goods industry
Education: Chartered Accountant (Switzerland)
Previous: Levi Strauss & Co, Germany, USA, Europe; Dorling Kindersley Ltd, London, KPMG Switzerland and Australia

Q. Which is the project name?

The project name is *Organizational Efficiency*.
Officially we talk about the *Cost Management Database*, but really it's a project that is linked to one of our strategic initiative that is called *Organizational Efficiency* and this is a Group wide initiative and **it's part of our strategic Business Plan**.

Q. What about the business scope?

The business scope is really around *Operating Overheads* with the exception of the *Marketing Working Budget* expenditures.
The goal is to create more harmonization and more transparency enabling a proactive management of our overall Group cost base.
As part of the scope, we also include certain KPIs (*Net Sales*, *Headcounts*) and some calculated ratios that help in analyzing overheads. In the future we want to add other KPIs such as *Square meters and Unit quantity*.

Q. Can you tell us something about both the Business Owners and the Business Sponsors of the initiative?

I'm the *Business Owner*, I'm actually **the responsible for the *Organizational Efficiency Initiative*. The *Business Sponsor* is the CFO of the Group Robin J. Stalker**, as the initiative is part of the Group strategic initiatives portfolio.

Q. And the target users of the initiative?

We have a **wide spectrum of target users**. Ranging from *Financial Planning* and *Analysis* people worldwide, to *Controllers* that are centrally supporting the global functions and the local commercial side of the business. **The aim is making all the organization converge toward "*One version of the truth*".**
We do really want a common language and a common base of interaction between the center and the markets or the center and the functions. **We want to share a common ground, a common database, and a common analysis tool.**

Q. Can you tell us something about the development Workgroup?

The scope of the project is quite large and we are very proud of the Workgroup team: the team is quite small, but we have achieved a lot.
The project was **led by André Bouyssi**, who brought in his robust business experience. He was CFO for several market in the adidas group. **He worked together with Hicare people**, and was **supported by a couple of more junior people** within the planning and reporting group.

Q. Why did you decide to select Luna over other Business Intelligence and CPM Tools that are available?

Probably for **3 main reasons.**
Firstly we thought that Luna would be flexible enough to create the right solution for us. And that proved to be true.
No matter what we tried to achieve, we didn't find many obstacles in achieving it. The flexibility in creating a tailored solution for us and achieving it has been certainly key.

Secondly the dedication of the team, its expertise and the Hicare way of partnering with us. We found that you did not only bring the technical expertise, but also the business understanding and the ability to work seamlessly with us. All this was key to create the solution.

Thirdly the speed. Compared to most of the other projects we had in the area of Business Intelligence this project has been very fast in delivering the solutions that we were looking for.

Q. Do you expect to have some benefits in terms of value creation and impact on ROI ?

The new analytical capability based on the transparency and a common language will definitely drive *Organizational Efficiency*.

We expect to gain 2 to 3 percentage points of Operating Overhead leverage to the top line, which is a very material amount of money.

In addition it will enable us to streamline our reporting and analytical processes creating tailored analytics to monitor IT cost by projects, managing the marketing by campaigns and other project related initiatives.

Q. According to you the experience could be replicated somehow in a different part of the organization or extended to other areas of business?

I think we have other areas where we could implement Luna and run projects around it to enhance Business intelligence and our analytical ability.
In particular **Luna can help us in what we call the *Integrated Business Planning*, utilizing not just the analytics, the drill down and the visualization capabilities, but also the simulation engine further**. It would be great also to use Luna for margin analysis for other adidas business areas.

Q. is the simulation important in your framework ?

The fastest we can run simulations and understand trends and scenarios, the more we are able to adapt to the changes in the external world and in the market place and be more competitive.

Q. As a CPM player we are stressing the idea of Collaborative Simulation and Collaborative Forecasting because we believe this to be one of the fundamental differentiators of our technology. Do you believe that is important in your Group and in your Organization as well?

If the process is effective enough then we can involve more people to think in term of how the future looks like. We can create different forecasts and the results for adidas should be better.
The more we can actually facilitate the process, from a collaboration perspective but also in term of iteration speed in building scenarios, the better the quality of the outcomes.

Q. Can you please tell us about the degree of accomplishment for the project and your key findings?

The biggest accomplishment has been certainly, in a relatively short time frame, having created this mega *Magnifying Glass* over our operating overhead, in a structured way. This is something we have never done before.
This new analytical ability currently include about the 70% of our Cost base as a Group to the lowest level of detail (All SAP Reporting Units, by Cost Centers, by Internal Orders, by Transactional Chart of Account).

Q. : Do you expect to use mobile technology, such as tablets or smart phones, not only to extend or broadcast the reporting and analytics, but also to allow users to input data or comments and be part of a truly iterative and collaborative business scenario?

Yes, Definitely. That is the direction we have to go to. **The more we actually expand into mobile devices the more technology like Luna can help us to have efficient processes to exchange business insight.** For example enlarging the number of people involved in assessing customer demand will drive higher quality outputs.

Q. We understand you are quite pleased about the end result of the implementation, is that true?

I'm very happy about the project and the results gained.

The challenge was in the change management aspects. We wanted to push the boundaries of what the people are capable and how the people are thinking.