

DIEHL Controls established a performance-based management system with QPR Metrics

Lacking critical information about the company's performance across subsidiaries, DIEHL Controls started to look for a flexible solution that would engage all employees in a performance-based management system and bring visibility to the current state of business beyond financial figures.

About DIEHL Controls

The corporate division DIEHL Controls manufactures electronic and electromechanical products to support household appliance manufacturers with innovative and resource-conserving solutions. DIEHL Controls has locations in Germany, Poland, USA, Mexico and China with sales, development and production.

Before choosing QPR Metrics as the preferred centralized performance management software, DIEHL Controls had a performance monitoring system in place using the SAP Business Warehouse reporting module, accompanied by some specific Lotus Notes databases.

Due to the poor visualization and static nature of the dashboards in the former system – and the fact that access to KPIs was restricted to management only – DIEHL Controls decided to look for a solution that would provide more flexible Key Performance Indicator (KPI) management and allow bringing KPIs into broader use within the organization.

Solution requirements

The goal of management was to achieve a solution that could report on business critical information about the company's current situation beyond financial figures. The solution had to enable management to steer performance based on key figures that were comparable, valid and reproducible. Furthermore, the software to be put in place was to be easy to use and have an appealing look and feel.

DIEHL
Controls



Customer name
DIEHL Controls

Website
www.diehl.com/en/diehl-controls

Country
Germany

Industry
Manufacturing of electronic and electromechanical products

Challenge
Lack of visibility to subsidiaries' performance and access to flexible KPI management for all

Solution
Performance management system

Methodology
Balanced Scorecard

QPR product used
QPR Metrics

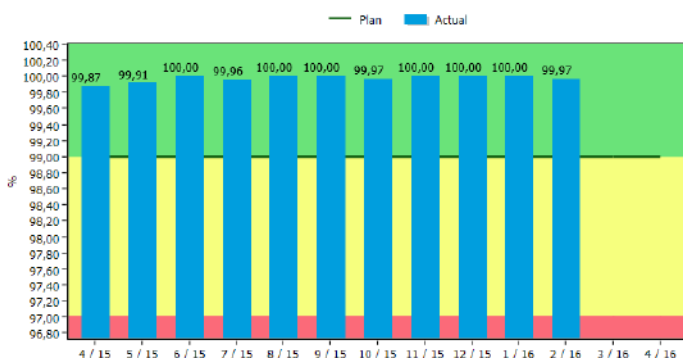
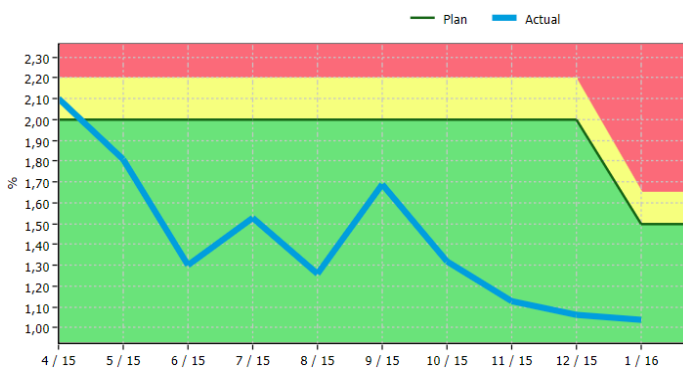
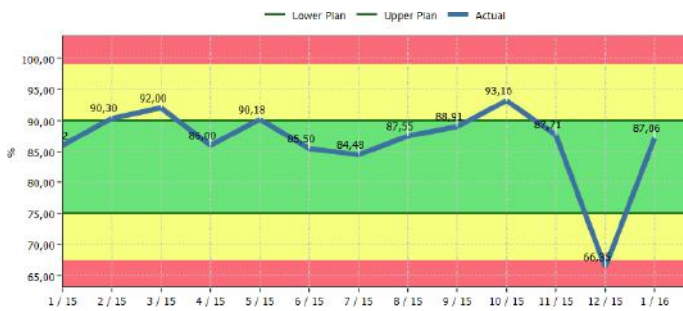
QPR Metrics fulfilled all of DIEHL's requirements and was chosen because of the positive user experience in another DIEHL corporate division, DIEHL Aerospace, that had already used QPR Metrics for several years.

Another crucial selection criterion was that the tool's web-based interface, QPR Portal, was able to provide sufficient end-user experience in China, a country with challenging internet connections.

Implementation

To guarantee successful software implementation and maintenance, the software provided by QPR is supported by services by a local German Value-Added Reseller, PROTEMA.

The implementation of the QPR Metrics based performance management solution with PROTEMA included both the software set-up, as well as the definition of the internal processes related to the lifecycle management of KPIs – development, approval, validation and data input.



The critical success factors for the project were: obtaining a single point of truth into the current state of business at DIEHL Controls, and creating a KPI master sheet for KPI governance.

The project was managed by a four-person team, with top management acting as steering committee. The implementation of the solution included the following main steps:

- Obtain an overview of KPIs
- Define requirements for software
- Assess potential tools and synergies with existing tools
- Approve project
- Record existing KPIs
- Consolidate and validate KPIs
- Define processes around KPI lifecycle
- Train QPR modelers and QPR administrators
- Create the model and KPI structure in QPR Metrics
- Perform initial mass data import from legacy systems
- Train QPR key users
- Rollout system
- Establish corporate management meetings

As part of KPI consolidation and validation, the quality of the KPIs were checked and it was noted whether a KPI is local or global. To be exact, DIEHL Controls tracks three types of indicators in QPR Metrics – Departmental Performance Indicators (PDIs), Key Performance Indicators (KPIs) and Key Result Indicators (KRIs).

For illustrating facts and figures, QPR Metrics provides a rich palette of readily defined charts and tables. While tables are utilized for analyses, charts provide the perfect tool for monitoring and controlling the achievement of targets. The visualization of data facilitates the comparison of actual values with target values.

For examples of the data graphics used by DIEHL Controls, see the figures on the left-hand column.

Governance

The different KPI models that were used in different departments have now been incorporated into the production locations' local models, which are maintained by the subsidiaries. The headquarters manage global KPIs, while local departments manage local KPIs.

To guarantee appropriate KPI governance, a Master Sheet was created for each KPI defining precisely how each KPI



“QPR Metrics is now an integral part of the corporate management meetings. It is not the mother of all data, but it provides management with consolidated KPIs with the needed status and trend. There is no other tool with which I can create a report as easily as with QPR Metrics”

Roland Pfau, Business Analyst and Project Manager



is to be calculated. This eliminated a problem from the past, when the many ways of calculating KPIs prevented performance benchmarking across regions and units. DIEHL Controls Chief Financial Officer, Mr. Fellner, reviews and approves the Master Sheets annually with a sign-off.

“After the Master Sheet is created, the effective creation of the KPI in the system takes only a half an hour”, explains Mr. Roland Pfau, the Business Analyst and Project Manager at DIEHL Controls.

“As the management initiated and wanted to have this project, there was high acceptance from staff. Without top management dedication, there would have been a wild growth of different ‘solutions’”, Roland Pfau continues.

Consequently, QPR Metrics was adapted very quickly and the project was finalized well ahead of schedule.

Results

Today, the former management-only KPI system has been replaced by a real-time, performance-based management system that is available for all employees from management down to the shop floor.

With QPR, DIEHL Controls now enjoys enhanced transparency over regions, locations and departments – and the visualization of KPIs is better than before. For example, the legacy KPI system did not feature traffic light indicators to visually display the status of KPIs. In addition, technical and operational KPIs, not only financial KPIs, are also well supported in QPR Metrics.

One of the key benefits of QPR Metrics is the ease of adjusting a target during the course of the year. Due to the bottom-up consolidation of KPIs, it is possible to forecast whether the target of the KPI can be reached.

Thanks to this kind of new performance-based management,

a new kind of thinking over targets has emerged – if you always meet your target, does it mean that your performance really is superior or is the target too low?

QPR Metrics is now an integral part of the monthly corporate management meetings. Dashboards and KPIs are designed based on Balanced Scorecard and look identical for all regions (Europe, Asia and the Americas) with key figures across various departments for easy benchmarking.

The QPR Metrics based KPI system ensures the comparability, validity and reproducibility of the key figures, which is vital for the success of the corporate management meetings.

The awareness that each and every KPI will be passed to senior management keeps the staff contributing to the QPR system. Furthermore, QPR Metrics is simple enough to use and DIEHL Controls is able to manage the software on its own, without the help from PROTEMA.

Other uses for QPR Metrics

At DIEHL Controls, QPR is also used for continuous improvement. For example, if the First Pass Yield (FPY) falls under its target level, the team makes an annotation in QPR to explain poor performance with supporting documentation attached.

Since QPR is the first system to give an indication if something is not going according to plan, QPR is also used by staff to make root-cause analyses for issues in operations.

In addition, QPR Metrics is used to visualize PIDs with data coming from PRIO (Portfolio Management Tool). For instance, these indicators can relate to projects in supply chain management or enterprise resource planning with measures on the utilization of trucks or the usage of hand scanners in warehouses.

Future perspectives

Since the initial launch of performance monitoring by QPR Metrics, there have been small adjustments to the rules and guidelines governing KPI management, as well as to the QPR model itself containing KPIs. In the future, DIEHL Controls aspires to further develop and extend local KPI models.

The company is also considering building integrations to third party systems for automated data import into QPR, although at the moment management believes it is more beneficial for staff to do manual data input to enhance KPI ownership.

With manual data input, there is more flexibility in adjusting KPIs, KPI owners can validate figures before they are entered into the system and staff gets used to using QPR.

About PROTEMA GmbH

PROTEMA represents the PROcess oriented connection between TEchnology and huMAN resources in a performance oriented organization. Our company principles are embedded in our company name. With our consulting competencies and our team-oriented support, we help our customers to achieve a lasting overall corporate success. Together with our customers we establish the basis for profitable growth in today's complex, competitive, and dynamic environment.

We offer lasting partnerships through proactive engagement, creative methodology, subject competence, and a high degree of perceptive ability. Our core competencies are to analyze, structure, visualize, and solve complex challenges in production, logistics, marketing, and sales.

www.protema.de

About QPR Software

QPR Software Plc (Nasdaq Helsinki) provides solutions for strategy execution, performance and process management, process mining and enterprise architecture in over 50 countries. Users of QPR Software gain the insight they need for informed decisions that make a difference. With 25 years of experience, 2 000 customers and over a million licenses sold, QPR's products are highly regarded by industry analysts and customers alike.

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