



Taking the Risk out of Risk Management at Fonterra

A global business

Global dairy giant Fonterra is co-operatively owned by more than 13,000 dairy farmers. Fonterra operates from over 40 locations in New Zealand, 68 locations offshore \$12 billion in assets and over 20,000 people around the world.

Fonterra was forged out of the merger of New Zealand's dairy interests in 2001.

Fonterra's Programme Managers Network (PMN) team is based out of Auckland and manage large programmes of projects that affect all parts of Fonterra's business. The PMN team can be working on programmes with up to 40 projects operating underneath them.

A Risky Business

"One of the biggest issues we face in managing large programmes can be our inability to manage risks and issues within and across various projects", said Ravi Shankar, Manager of the Programme Management Office (PMO).

Project managers traditionally used individual spreadsheets (registers) to update risks and issues. These registers varied in format and style, making reporting a consolidated view of a whole programme's risks and issues very difficult.

"We didn't know what the real risks were or where they could come from", said Mr Shankar. "The information we did get on risks was often completely out of date or incomplete."

Solution Overview

"We found there were tools on the market that were very good at managing projects, but not good at managing big programmes of projects. iTools Control has an inbuilt hierarchy and is the one tool that can manage the complexity of a large programme of projects."

Ravi Shankar, Manager Programme Management Office, Fonterra

Customer Profile

Founded in October 2001, Fonterra Co-operative Group Ltd is a leading multinational dairy company. Fonterra is the world's largest exporter of dairy products, exporting 95 percent of its production, and accounting for a third of international dairy trade.

Fonterra markets to customers in 140 countries and is the world's leader in large-scale milk procurement, processing and management. Fonterra generates 20 percent of New Zealand's export earnings.

Website

www.fonterra.com

Business Situation

- "Fonterra's Programme Managers Network (PMN) team is responsible for managing large programmes of projects that affect every part of Fonterra's business

Pain points

- Risk and issue reporting was manual, labour-intensive, inconsistent and often out-of-date
- Difficult to see a consolidated view of risks and issues across a programme
- Management couldn't identify which risks or issues most needed their attention
- Different risk and issues registers used by different teams - no common platform

Solution Summary

- *Adopt a dynamic web-based solution that actively manages and reports on risks and issues across a programme*

Value to Business

- *Actively manages and controls risks and issues across a programme*
- *Prioritises risks and issues, and ensures faster resolution*
- *Time saved on reporting*
- *Greater visibility and transparency*
- *Improved governance*

Reaping the benefits

Dynamic: *Being workflow-enabled and linked to email allows for active management of risks and issues*

Visibility and transparency:

Provides a visible, live record of all transactions, improving accountability within project teams. Ensures no risks or issues are omitted or go unseen, which in turn, means greater accountability

Consistency: *A common platform makes project managers report risks and issues in a consistent way*

Accessibility: *Fonterra staff around the world, consultants and contractors can all access programme information any time and from anywhere*

Immediacy: *Minimal customisation meant an immediate start. Intuitive nature led to high adoption rates amongst users*

Searching for the right solution

"In June 2003, we started looking for a risk management solution for one of our major programmes. We looked at four solutions and evaluated them on cost, functionality and ease of deployment," said Mr Shankar.

What the PMO team were looking for was an online workflow-enabled risk management tool that linked to Fonterra's email system.

iTools Control was selected as the solution that best met the team's needs.

"Visibility and transparency were deciding factors," said Mr Shankar. "We wanted to see who owned what risks and issues and their live status at any one time. iTools allowed us to do this."

"We were looking for a web-based solution like iTools," said Mr Shankar. "That way, everyone can access programme information. The problem with LAN (Local Area Network) solutions is they are insular, and don't lend themselves to working with external providers." Fonterra staff, contractors and external consultants can now all access project information any time from anywhere on iTools.

Prioritising urgent risks and issues

"iTools has the ability to pull out overdue actions and risks, prioritise them by urgency, and send email alerts to relevant team members. It is a dynamic tool that has the ability to say 'here are the issues. These are the actions that need to be taken, and by whom, to close the issue down,'" said Mr Shankar.

"The time taken to react to an issue has come down dramatically", said Mr Shankar. "With iTools, in just 48 hours, an emergency issue can be resolved."

Urgent issues and risks can be escalated. "We use iTools as a filter for management reporting and to escalate issues and risks that need input from project sponsors," said Mr Shankar.

A big time-saver

"One of the key benefits of iTools is time saved in reporting. Previously our team had to consolidate and distil down reports from different project managers into the one management report."

"It could take two full days just to report on a programme's risks and issues", said Mr Shankar. "Today, with all information consolidated, up-to-date and live on iTools, reporting takes less than half a day."

Quick uptake

"We didn't have the time to invest in a lot of customisation. Adopting iTools was like buying an off-the-shelf solution. It was up and running in less than a week".

"We also wanted a solution that could be quickly rolled out to a large number of users," said Mr Shankar. Today, there are about 350 users on iTools at Fonterra, with 180 active users.

In terms of training, the PMO instituted a 'train the trainer' system. Two or three project team members were trained, and then made responsible for training their respective teams.

"It is a very intuitive tool so adoption rates have been high," said Mr Shankar.

iTools integrates with Fonterra's inhouse project management tool, OnTrack. OnTrack is used as a repository of project information, rather than as a tool to actively manage projects. With its dynamic, workflow-enabled functionality, iTools complements OnTrack and adds a layer of governance to Fonterra's project management practices.

iTools Online helps companies navigate their way through a changing business environment to achieve project success. Their flagship product is iTools Control, a web-based tool that helps programmes and projects succeed by improving governance and increasing control and accountability for project managers.

For more information, go to:
www.itoolsonline.com