



Award for DORMA Purchasing

Knowledge Management Ensures the Success of Purchasing

The DORMA Holding has been awarded for their „Sourcing Collaboration Portal“. The award ceremony took place at the IIR Forum for Purchase Directors end of March 2006 in Wiesbaden / Germany. Picture: The Sony Center Berlin equipped with DORMA key systems

Global Excellence – The purchase network steers the collaboration and information flow in the purchase organization of DORMA. The easy handling of the world-wide standardized purchasing processes enhances the acceptance and the efficiency of the buyers' activities. The writers of this article Juergen Obergfell and Sven Linden see this chance at the optimization of the tactical processes of purchasing and they convinced the jurors of the Epcor Award 2006 who awarded the prize to the DORMA Purchasing.

The world-wide heterogeneous purchasing rules and the missing compliance made it difficult for the Purchase Management to take measures and to open up effective cost advantages for DORMA. The purchase processes developed parallel to the rapid growth of the enterprise. In line with the globalization the number of purchase organizations raised due to acquisitions of new companies. A high degree of decentral structures with a lot of manual processes and Material Group Management (MGM) teams spread all over the world were the characteristics of the purchase organization. Knowledge and information were spread world-wide, too and could not be used systematically. Furthermore, the development partners and suppliers could not be efficiently integrated in the Supply Chain. Due to the existing infrastructure, the necessary collaboration ways were not available. Hence, the collection of the requirements information

and the manual price maintenance of the material involved a lot of work.

With the implementation of world-wide process standards on the tactical purchase level as well as the Sourcing Collaboration Portal (SCP) as a knowledge and information carrier, the cornerstone for the „job of the future“ in purchasing was laid. By these means, the global purchasing strategy could be combined with the requirements of the local users and markets.

The advantages are not only obvious in the harmonization of the processes and the transparency of the purchasing information, but in particular in the acceptance by the purchase staff and the in the fast reactivity to the supplier market.

The purchase organization's demands to its process world are high.

- Tactical purchasing processes which are perfectly in line with DORMA
- World-wide standardization based on exactly specified roles and responsibilities

which are stored in a valid and interactive Sourcing Manual

- Scalability of processes and systems for a value-oriented optimization of the products
- Fast involvement of acquired business units and of their purchase organizations in the purchasing processes.
- Involvement of all relevant business units as well as fast and continuous workflows without media interrupt.

By the implementation of the SCP, the DORMA purchasing was able to standardize the information and the knowledge workflows and to make them available to all colleagues world-wide. Special importance was given to the optimum exchange of data and information as well as to a valid Knowledge Management for the future. The knowledge on international supply markets can now be stored and called off in a structured way by all buyers. This led to an improvement of the internal collaboration and to a considerable increase of the global presence in the relevant supply markets. Through the bundling of the market and material information the MGM teams are able to act world-wide as one unit and they are considered to be more powerful than ever.

However, process standards and transparency of information are not everything. Acceptance and understanding of the workflows are the main objectives of the DORMA purchasing. The transparency of information within the purchasing organization allows the staff to continue qualifying themselves – minimizing administration, maximizing the value proposition for the company – and offers room for creativity within the tactical purchasing processes. One of the buyers e.g. increased the level of automation of the master data maintenance by an intelligent integration of her suppliers.

International Process Standards and Knowledge Management

There was also a considerable improvement in the collaboration with the suppliers. The world-wide networked purchasing processes made it possible to open up additional potentials:

- More intensive collaboration already in the development stage and a clear control of the suppliers by the purchasing
- Extensive benchmarking on the market by global Requests for Quotations (RFQ), even in countries / markets which have not yet been entered by the DORMA purchasing
- Requests for quotations for more products with smaller efforts and an early positioning in the market
- High acceptance by the suppliers through transparency and supplier days

From the global internal request for requirements, the validation of the requirement data to the request for quotation

on the market and the structured quotations analysis in the purchasing it takes approx. 5 days. Two years ago this was unimaginable.

Management of Processes, Knowledge and Compliance

In order to meet the external and internal requirements, DORMA established a systematic process portfolio. The main emphasis is on tactical processes to generate a lever for process efficiency and effectiveness. The SCP is an integrative technology platform created by Arvato Systems Technologies for the control of purchasing processes and for knowledge management. Beside the process-oriented

Purchase Reporting – Ensures the consolidation and the analysis of the global purchase volumes. By means of the „global spend cubes“ the world-wide purchase relevant data is validated and analyzed. Based on the gained transparency, the MGM teams align their strategies and tactical actions effectively. Furthermore, the reporting offers the strategic lever for measuring the compliance.

Knowledge Management – All purchase-relevant information are here administrated centrally. By means of the integrated Knowledge Management platform information from different data sources are structured and made available. Contract Management hereby is an integral part.



The awarded Purchasers at DORMA (left to right): Jens Hinninger, responsible for Portal and Support, Thomas Deux, Project Leader Sourcing Collaboration Portal and Purchase Controlling, Jürgen Oberfell, Head of Strategic Purchasing / Value Analysis, Franz-Josef Hövener, Head of Value Analysis / Make or Buy. Petra Suhre, responsible for the sub project Sourcing Solution, is missing on the picture.

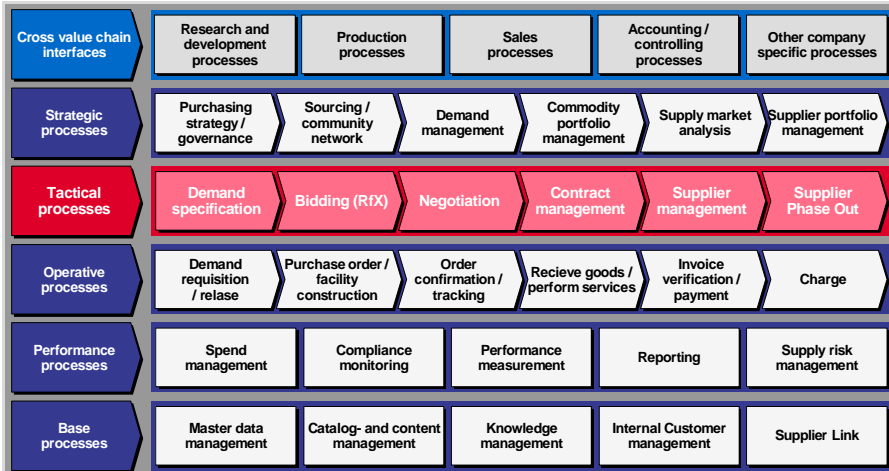
view from the bundling of requirements, requests for quotations, auctions, contract management to supplier management, the SCP allows the networking of knowledge and the global collaboration of the buyers. Mainly, this is based on four pillars:

Visualized Sourcing Manual – With the issue of the interactive Sourcing Manual the compliance and methods reliability were supported and the standards were graphically presented. The internationally standardized purchasing processes and the guidelines are here documented. Moreover, tools and necessary information are made available centrally to the buyers and to the world-wide acting MGM teams. The contents are logically interconnected – purchase systems are involved directly and process-oriented. The compliance with the guidelines is controlled by structured feedback processes and monitoring.

Publishing Workflows ensure the quality at a decentral maintenance of the contents. The uniform view on information is the basis of all purchase relevant activities.

Team-Rooms – Facilitate the world-wide internal and external collaboration. They are the basis for a world-wide efficient and effective collaboration of the cross-functional MGM teams and suppliers. The applications can be released for other users or they can be shared. The world-wide uniform role and authorization concept guarantees confidentiality and controls the accesses. The purchasing is in the „driver seat“.

Today, „Task Forces“ of strategic buyers are stationed at different locations world-wide as they have access to their „workplaces“ from all over the world – optimum resources allocation and fast integrations of new purchase organizations are realized.



As a first step in particular the tactical processes were to be standardised worldwide in order to generate an optimized lever regarding process efficiency.

Systematic process portfolio for external and internal requirements

DORMA Sourcing Collaboration Portal

- Assessment of demand
- RFx (RFI, RFD, RFQ, RFB)
- Online Auctions
- Supplier Self Service
- ...

- MGM Groupware
- eMail
- Project Management
- Team Rooms
- ...

- Reporting and analysis
- Knowledge Management
- Sourcing guidelines
- Globale contract database
- ...

- Master data replication
- SAP MM / FI integration
- Contract management
- ...

- Sourcing collaboration
- News, chats, shared applications
- Global supplier directory
- Supplier evaluation / ranking
- ...

- Application integration with Single Sign On
- Secure worldwide access via Internet
- High performance
- User friendly
- Role based and easy to personalize
- Documented workflows and ERP Integration
- Audit friendly
- Decentral maintenance and administration

With the Sourcing Collaboration Portal an integrated platform was created. Purchasing processes and information can now be efficiently managed worldwide.

Based on the catalogue of requirements, DORMA decided to use the SAP Enterprise Portal as information, communication and collaboration platform as well as the Sourcing Solution, a web-based solution for sourcing, requests for quotations and auctions. A special feature of the Sourcing Solution is the interface to the applied ERP and reporting systems. Important data of the SAP R/3 systems and of the non-SAP systems are exchanged by means of the Sourcing Solution. The standard functionalities of the SAP Portal have been designed in such way that the integrated Knowledge Management and the „Collaboration Tools“ improve significantly the information and communication within the world-wide DORMA purchasing units.

For the realization of electronic requests for quotations and purchase auctions, DORMA uses the Sourcing Solution developed by Arvato Systems Technologies. This Sourcing Solution bases upon the experiences of the purchasing with the former self-conceived sourcing platform. Essentially, the new Sourcing Solution supports three main processes:

- Request for requirements of the specified material groups within the world-wide business units
- Transfer of the requirement folder in an electronic request for quotations
- Optional the transformation of the executed request for quotation into an auction.

It is most important that the material master data of the various ERP systems are automatically transferred with the

corresponding purchase order text and the consumption and scheduled quantities. The stipulated purchase conditions are finalized through the RFQ and auction processes and are then returned to the respective ERP system without any media interrupt.

Learning Factor Purchasing

A systematic Change Management and a consistent world-wide process adaption were the further keys for the success of the project:

- To achieve a permanent and effective process optimization, the strategy must combine the demands of the company management, of the suppliers and of the persons involved in the process.
- Processes have to be optimized and consequentially adapted by taking into account the different cultures. Integration is the „key“ !
- It is essential to adapt consequentially resources and organizations, to create standards and to involve and qualify all process participants.
- Technology is the „Enabler“ and must be scalable and future-proof.

From the first move to the „Go Live“ in January 2005 when all buyers were trained and could gain and exchange experiences, the view and the understanding of the DORMA purchasing deepened. Looking back, it can be said that already after 6 months the rate of utilisation was around 96 %. Today, the buyers cannot imagine any more to use another working method to contribute to the company success. Live and experience purchasing through the Portal! This slogan was confirmed unanimously by all buyers in March 2006.

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The Company

DORMA operates worldwide in 44 countries with approx. 6100 employees in 65 subsidiaries. The main business comprises products and systems „around the door“. DORMA is the world market leader in the door market sector, movable wall sector and in automatic door systems. In order to recognize the market and to see the requirements, to schedule them and to derive measures, DORMA set the focus on a high degree of system competence.