

Pharos Case Study

Success Story



UNIDO INTEGRATED PROGRAMME FOR COLOMBIA:
COMPONENT II, 2002-2003

Company:	INTEGRANDO Limitada
General manager:	Mr. Cesar Augusto Herrera Murillo
City:	Eje-Cafetero
Country:	Colombia
Source of improvements:	Best practices in continuous improvement based on enterprise performance measurement and benchmarking with UNIDO Pharos software suite
Sector:	Metal works
Product line:	Parts for moto bikes, bikes, scooters
Size of enterprise:	101 employees
Number of clients:	800
Annual turnover:	US\$ 2,000,000
Applicable process:	Measuring & benchmarking of business performance for continuous improvement of Key Performance Indicators and setting up best practices
Focus on:	Improving entrepreneur capacity to achieve business results
The Programme:	Improving quality, competitiveness and performance of Colombian Industries in four industrial sectors of four regions in Colombia: Barrancabermeja, Bogotá, Eje-Cafetero, Ibagué.
Funding:	US\$ 7,500 per enterprise for 12 months upgrading programme or US\$ 625 per enterprise per month
Company contribution:	US\$ 2,500 per annum / US\$ 208 per month
Source of Funding:	The Government of Colombia represented by Ministry of Ministry of Commerce, Industries and Tourism of Colombia and United Nations Industrial Development Organisation (UNIDO)
Results	Improvements of major key enterprise performance indicators in the range of 11%-26% during the period of the programme implementation.

Additional information:

http://win2biz/unido_sw/eng/Testim-Intergrando.htm

http://www.win2biz.com/unido_sw/eng/Reference-directory.htm

SITUATION

The INTERGRANDO Ltda. is well established company certified in ISO 9002. However its general manager Mr. Cesar Augusto Herrera knew that there were the ways to improve efficiency and business results for making his company more competitive, less vulnerable to various impacts at the national and international levels such as currency exchange rate fluctuation, inflation, low interest rates, etc.

Thus he was ready to respond positively to the offer for taking part in the UNIDO Integrated Programme for Colombia introducing Pharos software as basis for starting continuous improvement based on business results measurement and benchmarking.



Mr. Cesar Augusto
Herrera Murillo

Mr. Herrera comments were as follows: “Each good manager has a feeling that his business can be more efficient and profitable. Each learned that information technology and his notebook can help but ... most industrialists become reluctant to act because of costs, risks, amount of work to make it happen and final uncertainties of results. There are many known commercial IT suppliers e.g. Balanced Score Cards, Data Mining, Dashboards, Business Intelligence and other IT solutions. All looks good at the first glance. However while going in detail one finds high uncertainty in costs of selecting, purchasing, installing and operating the software, changing of business processes, training of employees, having unpredictable, often negative outcomes along with high overall costs of ownership. One can say about this situation: too many options, too nice in promises, too costly, too risky.”

GOAL

Establishing best continuous improvement practices in enterprise by using UNIDO Pharos software as simple business measurement and benchmarking tool, increase major performance presented by key indicators while using only internal enterprise resources without additional investments.

ISSUE

- Improve results and sustainability of business, its key performance indicators, competitiveness, productivity and quality facilitating capacity for trade, exports, investments and access to markets.
- Identify the losses, cut them and turn savings into additional business development resources.
- Establish best practice of quick and effective business audit, compliance to established business targets and development strategies.

STRATEGY

UNIDO Pharos software allowed INTEGRANDO Ltda. starting implementation at very acceptable minimum cost with no risks, no business restructuring, no huge data collection and entering efforts, minimum personnel training and have reliable on-site support of known local national consultant. There were no other similar opportunities.

RESULTS

Mr. Hereira describes the results as follows:

“Within 4 months after initial training and Pharos installation in June 2002 we had got very *valuable information about our business*. It allowed starting measured continuous improvements and developing of best practices. The most important contribution was the possibility to continuously *diagnose critical areas of competitiveness, costs, quality, contribution, cash availability and productivity*. It helped *translating financial and operative reports into causes and effects*, which allowed us *taking immediate corrective actions* on financial and capital resources.

Pharos and our participation in the Programme changed our business life and culture with

- Establishing the concept of achievement
- Implementation of management indicators
- Retribution associated to results
- Awareness of objectives

It happened because the system facilitates the integration of financial information in key and understandable results at every level, providing objectiveness in every level of management. The ability to monitor and diagnose allows us to *measure, evaluate, manage, and develop competitiveness variables*. This process has *allowed us to maintain our net margin* with a reappraising currency, 7% inflation, and low interest rates. With regard to costs, the basic contribution has been the *identification of cost drivers and the control and identification of indirect costs*, leading to the *development of an activities costing program, identifying the real cost per product*.

Customer service, based on the concept of contribution has allowed us to develop a *differentiation strategy based on added value, speed and opportunity*. The other improvements included as follows:

- The system of retribution by objectives was established
- The strategic map was designed, and strategic objectives, processes, activities and tasks were deployed, supported by indicators and improvement actions as a result of using Pharos.

Considering this experience as investment it is clear win-win situation with big ROI over time. Taking the knowledge capital gains, business culture improvement and capacity to compete in new markets the valuable results help running the company into the future.”



Concluding he mentions: “I could not miss this unique opportunity of learning and improving with so small overall costs and strong improvements under no risks to the business.”