

HIGH ROAD TO WORK ORGANISATION CASE STUDY

Bonfiglioli Group (Bologna, Italy)



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Abstract

In order to improve customer relations, Bonfiglioli top management with the external support of technical expertise designed a software for on line ordering, tracking and services for customers. Mosaico is a software that allows customers to share the main data base of Bonfiglioli Group about product availability and orders definition. This organisational and technological innovation leads to several improvements in clients' level of satisfaction, as the orders on line are cost and time saving, in the total turnover thanks to an easier access to the products order. Moreover it makes the process of products order easier and faster, also reducing errors in interpreting customers' product specifications, and offers a new tool for Bonfiglioli's marketing activities.

HI-RES Case Study: BONFIGLIOLI GROUP

Sector

Mechanical engineering

Key Words

E-commerce; information and communication technologies; organisational change

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1. Background Information

The Bonfiglioli Group is a company located in Bologna, operating in the mechanical sector, and more precisely on the power transmission and control market with specific solutions for a) industrial applications, with a wide range of gearmotors, variable speed drives, electric motors and inverter drives, and b) construction machinery, with a wide range of planetary gearmotors for travel, slew and transit mixer drive.

The Bonfiglioli Group has experienced a remarkable expansion over the last few years and has become stronger and more competitive by taking over several companies that were well established in their sectors, expanding its production facilities, and above all by undertaking a comprehensive process automation plan. Substantial funds were invested in advanced technology and powerful software tools that boosted the production capacity standards of the single companies to achieve total quality control.

All facilities of the Group are equipped with transfer machines and fully automated machining centres with last-generation PLCs that can handle highly complex processes. But this is just the beginning, as the Group's future is more and more oriented towards industrial automation.

Within this context of overall growth, the turnover figure of the Bonfiglioli Group has soared 523,3 billions Lira. Undisputed leader of the Italian market, thanks to this result the Group further consolidates its position among European companies operating in the field of power transmission.

Bonfiglioli Group: Turnover trend and turnover per employee

(in billions of Lire)	1996	1997	1998	1999	2000
Sales Turnover	366.8	350.2	397.1	424.3	523.3
Sales Turnover per employee	0.317	0.309	0.353	0.374	0.42
Average of employees	1,157	1,132	1,128	1,134	1,270

Source: Bonfiglioli group

The fiscal year ended showed very positive data, reflecting the high appreciation for the Group's products all over the world. The consolidated turnover resulted at 523 billion lire with an increase of +23.3%. The growth in turnover was accompanied by an increase in production of 19% with respect to 12.6% average increase noted for the sector. Italian exports in this market category recorded a 16.8% increase, with Bonfiglioli exceeding the average with a 20.6% increase. The Group's growth was also evidenced by the addition of 149 employees, making for a current total of 1,269. Furthermore, the European market as a whole, with the exclusion of Italy, saw a rise in demand of +12%, with Bonfiglioli Group noting a 15% increase in sales. This better-than-average performance was also the case in Italy, where the segment saw approx. 10% growth in demand, with Bonfiglioli achieving +18.6%. The expansion is the result of a product development policy that is succeeding in satisfying the demands of a market increasingly keen on companies that can provide a rapid response.

Innovation is the factor distinguishing each new application at the Group and the MOSAIC e-commerce project is just one example. The project received acknowledgement as the best business-to-business application now operating in Italy, and its recognition was given a further boost with the Smau 2000 International award, conferred in September to Bonfiglioli Group. Initial results are now in on the use of this tool by customers, who are appreciative of the versatility and timeliness of the service. To date, the number of web order lines calculated since January has totalled 14,275, the number of pieces ordered through the Internet 109,327 and the corresponding value in turnover 11.7 billion lire. Bonfiglioli's presence on foreign markets is also being strengthened

thanks to the intense development of the 12 branches and the start-up of production in the India factory, where reduction units are produced for the Southeast Asian market. The factory is almost running at full capacity, and within a few months it will be in a position to meet the demand of the strongly expanding local market. The growth of the group as regards foreign markets is 28.8% in Europe and 19.1% overseas.

2. Drivers for Change

MOSAICO e-business project is the result of an initiative of the top management with the collaboration of the middle management and of an external consultant company in ICT.

The project consists of the development of a software designed for the case, which can be used with a standard PC equipped with a modem for the access to Internet.

3. Characteristics and Process of Change

MOSAICO is a project to develop e-business relations with customers, who can through MOSAICO create, ship or modify orders, select the Bonfiglioli's products most suitable with customer's needs or even new products configuration (thanks to a specific software), download CAD designs and technical data of the desired products, track the order and verify delivery time. There is also an Help Desk on line to send request of different nature, from accounting to orders management, from product technical problems to support to MOSAICO functions through email addresses organised by type of request. This provides also Bonfiglioli with a feedback of the project ongoing as well. Moreover the users can constantly check the transaction carried out through MOSAICO.

The overall range of services that are supposed to be delivered through Mosaico has been divided in three parts:

1. Order on line, tracking of orders and help-desk on-line were the first to be implemented,
2. Product configuration through Mosaico is underway, still in a pilot phase
3. Automatic selection of the products more suitable with customer's needs and access to the data base of CAD design and products technical information are being developing.

The project offers different kind of services, so to cover a wide range of clients request:

1. Display of existing orders (order tracking)
2. Creation of sales order (5 different ways)
3. Design and selection of products with the possibility to automatically download dimensional drawings and CAD drawings
4. Help desk on line

For all these functions is assured total safety (by means of a password and an user ID): the trust of the customer is a priority in the Bonfiglioli strategy and it is a precondition for the success of the project.

4. Obstacles to Change

Opportunistic behaviours, risk of information leakage and more generally lack of trust when establishing an electronic transaction have been the more relevant and potential obstacles to change. This is clear when considering the fact that the change in the organisation of the Bonfiglioli's customers relations is mainly led by the introduction of new communication technologies.

This has led to the implementation of a set of trust conditions, which at least have absorbed significant human and financial resources (it is quite difficult to assess if they have slowed down the process of change).

5. Risk Analysis

As a consequence of the need of implementing strong trust conditions when establishing the electronic transaction, further investments in the technological architecture of the Mosaico system arose as required (an initial underestimation of the required investments for the process of change may be underlined).

6. Benefits of Change

Orders on line are time and cost saving for clients and makes the delivering more efficient and faster. Customer can also have a personal e-catalogue and add new product to the data bank by using on line configurator. This is very useful for those clients who have a technical expertise, engineers and technicians and it stimulates technical change and innovation lead by the contribution of the users themselves.

The following goals were achieved:

- Improvement in the clients' level of satisfaction, as the orders on line are cost and time saving.
- Increase in the total turnover thanks to an easier access to the products order.
- Make easier and faster the process of products order, also reducing errors in interpreting customers' product specifications.
- Offer a new tool for Bonfiglioli's marketing activities.
- Reduce the time devoted by the Bonfiglioli's personnel to simple contacts with customers (for ex., for information on products characteristics, selection of standardised products according to clients' needs...).

Conclusions

Mosaico's success relays on: an easy and friendly software, developed by a software house in strict relation with the company; a strong focus on the final customers' characteristics and needs. Also important is the strong commitment of the top management of Bonfiglioli and of the middle management.

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