



## Centralized Planning and Better Control

Melitta achieves transparency across the entire company with software from MIK

When people hear the name Melitta, they immediately think of coffee, or more specifically coffee filters that are made of paper. This product in particular was invented by Melitta Bentz at the beginning of the last century. Not only was she resourceful, she was also an extremely clever business woman. After all, she arranged for her invention to be patented and founded a company. Today, her descendants manage a global group of companies with approximately 40 subsidiaries and holdings in Germany, Europe, North America and Brazil. In 2004, the privately owned business with 3,531 employees generated total sales of 1.088 billion Euros (86% Europe, 58% of which was in Germany, 14% in both North America and Brazil).

### Transparency is Key

All of the companies work independently and are fully responsible for themselves. However, Melitta Beratungs- und Verwaltungs-GmbH & Co. KG in Minden, Germany, the division that operates as the management holding for the

entire group, sets all of the business targets. Headed by the three personally accountable shareholders, Dr. Thomas, Dr. Stephan and Jörg Bentz, the management holding determines the strategic direction for the entire group, while over-

seeing business performance and developing recommendations in the event that performance deviates from the figures in the budget.

»Inside the management holding, financial controlling is responsible for presenting the internal cost structures in

such a transparent manner that the members of management are able to make decisions as objectively as possible, while also being able to predict the exact consequences of their decisions at an extremely early point in time. Only then it is possible for us to avoid negative developments, optimize processes, but also take advantage of opportunities quickly.« explains Rolf Schäkel, who is



responsible for planning and reporting in the corporate development department of the management holding.

Until 1998, each of the business divisions issued reports to the financial controlling team in Minden, in either electronic or hard copy form. Each quarter, all of the divisions had to fill out some 50 different forms. Then, this information had to be consolidated at Melitta's corporate level, a task that took over 70% of all working time. Hardly any time remained available for them to perform more in-depth analytics. After all, a large share of the remaining working time was spent answering specific questions that the shareholders and headquarters were asking. This resulted in mountains of paper, but hardly greater transparency. Frequently enough, decision makers took part in meetings carrying inconsistent financial data.

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Rolf Schäkel, responsible for planning and reporting in the corporate development department of the Melitta management holding.



## Automated Reporting

In order to resolve these issues, the company decided as early as 1997 to adopt a management information system. Initially, they took a closer look at what specific information they actually needed. 40 of the 50 sheets that they had been using in quarterly reporting were sorted out, because they contained only interesting, but not imperative information. In addition, Melitta adopted a new form of monthly reporting that was based on results and also included a one page report for management.

»For us, it was extremely important to provide all those who make decisions with extremely clear information that they have no difficulty in interpreting. This is based on the most important financial indicators, such as net sales and profit contribution by product segment, as well as results of operations and results before taxes for each and every division,« Schäkel explains.

According to Schäkel, it was important that certain prerequisites be met. »Today, a management information system must include a multidimensional, exceptionally fast database. It is also important that it offer ways of integrating business management functions. In addition, it has to be able to provide answers to complex queries based on an extremely large volume of data. Ideally, the database would be able to handle frequent changes in structures and allow for analytics to be performed in a quick and flexible manner,« Schäkel says. Melitta was also focusing on issues such as comfortable use, intuitive features, flexibility, speed, data security, consolidations, performance indicators, standard reporting, graphic analysis and, most importantly, service and hotline support from its software vendor.

Having completed in-depth market research and listened to presentations from several vendors, Melitta decided to implement the management information system offered by MIK AG in Reichenau that is based on an OLAP database (Online Analytical Processing). According to Schäkel, the fact that this solution satisfied Melitta's demands with regard to both its frontend analysis tool and its database was of great advantage. »Many vendors offer either a high quality database or a good analysis tool. In the case of MIK, we really liked both. We found the database quite convincing, because it enabled us to take on our older data extremely quickly,« Schäkel said.

## Time for More Important Tasks

Today, information on the Melitta Group and its individual divisions is prepared on a monthly, quarterly and annual basis. Whereas previously only two controlling experts

were able to access the mainframe in order to be able to answer more detailed questions, today 30 people in various departments inside headquarters are able to perform analysis and interpret the results using software from MIK. Now, controlling is able to spend much more time on detailed analyses, planning and driving the business. »One key example of an important type of analysis looks at how actual sales vary from what we had planned, but this is not part of our standard report. Here, the task is to examine what deviations have occurred with sales and learn more about the reasons for such deviations e.g. learn whether this has to do with the volume, exchange rates, prices or the product mix,« Schäkel explains.

## Flexibility to Meet Tomorrow's Needs

For Melitta, it was also important to make sure that the management information system would be able to grow to meet increases in demands. Here, the structures contained in the database can easily be expanded upon to include additional performance indicators. Only recently, the transition was made from MIK-INFO to the new tool MIK-ONE that enables the user to adjust structures more easily and contains even more analytic capabilities. Today, the central finance department also uses a software solution from MIK as part of its own database. The balance sheets they generate using this software are then entered into the SAP system and presented to management.

»We're extremely happy with our decision to go with MIK. One reason is that the company really keeps an eye on new developments and then integrates these into its software in ways that really make sense. For example, the very same user interface can be used for other systems and web sites and we are planning to offer access to our data over the internet in the near future. All in all, this solution is extremely helpful to us today in managing the flow of information, optimizing how our data is prepared and coordinating processes inside the company,« Schäkel concludes.

## Further Information

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