



Manufacturing Executives Improve Speed of Decision Making, Saving \$400,000 Annually

Overview

Country: United States
Industry: Manufacturing

Customer Profile

Lifetime Products, headquartered in Clearfield, Utah, is the world's leading manufacturer of residential basketball equipment and polyethylene folding tables.

Business Situation

With global manufacturing operations, company managers were constantly out of the office and needed anywhere/anytime access to their e-mail messages, contacts, and calendar in order to make global business decisions faster.

Solution

To improve productivity, Lifetime Products deployed Microsoft® Office Professional Edition 2003, Microsoft Windows® SharePoint® Services, and several Microsoft Windows Mobile™-based devices.

Business Benefits

- Improved productivity by at least 250 hours annually per mobile employee
- Faster business decisions
- Improved collaboration on marketing materials and planning schedules
- Reduced IT support costs

“We’re taking care of more business with fewer sales managers in a more effective way. We respond faster than our competitors, so it is a major business advantage.”

Vince Rhoton, Vice President of Sales, Lifetime Products

Lifetime Products recently expanded its manufacturing operations into China and recognized the need to make quicker and more informed business decisions on a global basis. Lifetime’s managers are frequently away from their desks: meeting with customers, inspecting global operations, and developing new products. To improve the speed of decisions and increase the productivity of workers away from their offices, Lifetime Products deployed Microsoft® Office Professional Edition 2003, Microsoft Windows® SharePoint® Services, and Microsoft Windows Mobile™-based devices. Since the deployment of the mobile solution, executives and managers have increased their productivity by 250 hours annually per employee. Business decisions are also made faster, saving U.S.\$400,000 per year.

“The combination of the ability to be mobile with the safe environment created by IT, has changed my life in terms of productivity.”

Richard Hendrickson, President, Lifetime Products

Situation

Based in Clearfield, Utah, Lifetime Products is the world’s largest manufacturer of polyethylene folding tables and residential basketball equipment. Its 2,300 employees in Utah and 200 employees in China are committed to providing quality products and exceptional customer service to consumers in over 50 countries. With the acquisition of a manufacturing factory in China, the work environment has changed, and the company now demands faster around-the-clock decision making capabilities.

Lifetime Products executives and managers are on the road constantly and need secure and efficient access to e-mail messages, contacts, and calendar. As a supplier to major retailers, they must quickly respond to issues no matter where they are in the world. The President of Lifetime Products, Richard Hendrickson, says, “In the past two weeks, I have been in Hawaii, China, Arkansas, Utah, and Houston.” He continues, “The verbal expectation of response to issues is within 24 hours, but the true level is much shorter, especially in the last twelve months. If a buyer sends me an e-mail, and I don’t respond within a couple of hours, then I am considered non-responsive.”

The process and technology to meet this fast response requirement was absent. The Vice President (VP) of Sales for Lifetime Products, Vince Rhoton explains, “When we got laptops that could use a dial-up connection, I initially thought that was amazing—I could be in Chicago (or anywhere else) and still get my e-mail. But getting that connection took a lot of time, and you had to be near a phone line or Internet connection. Depending on your hotel, it could be expensive. If you tried at the airport, you had to go to a pay phone, and it was a real hassle.”

The challenge of responding quickly was magnified with the addition of international operations in China. “There is a 15-hour time difference with China, and that is pretty difficult to deal with,” says Rhoton. “When

they are in the middle of their day, it is midnight here.” Critical global business decisions would sometimes have, at best, a 24-hour lag because of the time schedules. Many employees spent the first 30 minutes of their day going through e-mail messages received since they left the office the day before.

Even managers whose only travel was within Lifetime Products facilities and between the office and home every night felt out of touch when away from their offices. Mike Pokorny is the VP of the Metals Division at Lifetime Products and responsible for several 24-hour production lines. “When I came in the door at 7:30 A.M., I’d spend an hour finding out the status of everything. By that time, a delayed decision could mean a shut down of a production line and a loss of production hours.” He lacked the ability to easy way to check his e-mail on an as-needed basis from home or on the road.

Lack of remote access to calendar and contacts also resulted in duplicating efforts with a paper-based system. Rhoton explains, “Every morning I used to print out my calendar, put it in my front pocket, and scribble notes and contact information throughout the day. When the calendar got too crowded with notes, then I’d type up the information and print another one.”

In addition to the challenges related to remote access, Lifetime Products recognized that two processes could benefit from an improved collaboration solution. First, the marketing team was spending 20 minutes per week searching for the most up-to-date marketing material because they did not have a centralized document repository. Second, the production planning team believed that they could reduce the amount of time to produce the manufacturing demand schedule by enabling multiple people to edit a document in a centralized place, rather than send the file between employees through e-mail.

“Overall, this is a great productivity booster because anywhere you are, you can contact each other.”

Barry Mower, CEO, Lifetime Products

Solution

Lifetime Products Chief Information Officer (CIO) John Bowden has structured technology to be *rock solid and lightning fast* through standardization and a focus on solving business problems. Lifetime Products worked with Microsoft® Services to develop solutions to meet its business needs and enhance workforce mobility. IT has helped improve business productivity by:

- Upgrading from Microsoft Exchange 2000 Server to Exchange Server 2003.
- Upgrading from Microsoft Office 2000 Professional to Microsoft Office Professional Edition 2003 for 850 employees.
- Deploying several Microsoft Windows Mobile™-based devices.
- Upgrading 50 Hewlett-Packard servers from Microsoft Windows® 2000 Server to the Windows Server™ 2003 operating system, the foundation of Microsoft Windows Server System™ integrated server software.
- Deploying Microsoft Windows SharePoint® Services.
- Implementing Active Directory® service.

Bowden is impressed with how quickly his staff deployed Office Professional Edition 2003. “We worked with [Microsoft Services] for about three months and went to the Microsoft Technology Center in San Jose, California, where we detailed the specifics of the implementation.” The solution’s deployment was completed overnight through Group Policy at a cost of U.S.\$140 per user. The total cost includes IT time related to the upgrade of the Microsoft Office System and does not include software license or server-related costs.

Lifetime Products deployed several Windows Mobile-based devices. “We put mobile devices in the hands of salespeople and vice presidents—people who need instant access to calendars, e-mail, contacts, and business information, so that they can make decisions quickly,” explains Bowden. “Our initial rollout

of mobile devices was to employees that could expect a one hour increase in productivity each day.”

Windows SharePoint Services was deployed as a collaboration solution and document repository for the company. The marketing group stores the most up-to-date materials, and multiple users collaborate on the manufacturing demand schedule. Sites are simple to set up and require minimal IT involvement, which is critical because IT did not want to increase their costs. “We talked about building our own intranet,” says Bowden. “But one of the reasons we chose SharePoint was because we didn’t want to hire another Web developer and increase our headcount.”

Benefits

“The combination of the ability to be mobile, with the safe environment created by IT, has changed my life in terms of productivity,” says Hendrickson. The technology investment at Lifetime Products has helped:

- Improve productivity by at least 250 hours annually per mobile employee.
- Make business decisions faster:
 - Speed up response to customers.
 - Increase savings on purchases.
 - Improve time to market.
- Improve collaboration on marketing materials and planning schedules.
- Reduce IT support costs.

These benefits helped Lifetime Products realize a *net present value* (NPV) of U.S.\$1,200 per user for the Microsoft Windows Mobile software, Office Professional Edition 2003, and Windows SharePoint Services solution.

Improve Productivity

Mobile workers can access their e-mail messages, contacts, and calendar with a wireless connection wherever they are working. The ability to check and send e-mail messages first thing in the morning, during the day when away from the office, and in

“While I was at the trade show, I was able to respond to everyone on my e-mail. When I got back in the office, I was caught up on my work—normally it would take me one or two days to catch up.”

Summer Green, Sales Associate and Office Manager, Lifetime Products

emergencies, after 5 P.M. (when China is working) has enabled mobile employees to add at least one hour of productivity each day. In total, the solution has **increased productivity by at least 250 hours annually per mobile employee**. Chief Executive Officer (CEO) Barry Mower says, “Overall, this is a great productivity booster because anywhere you are, you can contact each other.”

Sales Associate and Office Manager Summer Green attended a three-day trade show only weeks after receiving a mobile device. She explains how mobility enabled her to multitask. “While I was at the trade show, I was able to respond to everyone on my e-mail. When I got back in the office, I was caught up on my work—normally it would take me one or two days to catch up.”

Make Business Decisions Faster

Vince Rhoton relays an example of how he is able to respond faster to customers. “I was in Boston, and I needed some customer account statistics for a meeting that I was going into with our customer in three minutes. I called the office, and they couldn’t locate the information immediately, so they said, ‘Turn your phone to silent mode, and we’ll e-mail it to you.’ While in the meeting, I was able to glance down at my phone to read the information. When I shared the account statistics with the customer, I sounded like I had prepared it two weeks ago.”

“Our sales team takes those capabilities and builds it into what we do every day,” Rhoton continues. His sales team is more efficient and effective in their e-mail messaging, calendar, and contact management. “We’re taking care of more business with fewer sales managers in a more effective way. We respond faster than our competitors, so it is a major business advantage.”

Chief Financial Officer (CFO) at Lifetime Products Mark Whiting agrees, “Our company has had 20–25 percent sales growth (without increases in sales staff), so absolutely the salespeople are selling more.”

The company’s revenue growth without increases in sales or IT support is evidence of its effectiveness. “We communicate better with less frustration and fewer bodies. Our IT department is running with far fewer people than most companies require.”

With operations in China, executives are constantly faced with decisions that, if made in real-time, can be of tremendous benefit. Hendrickson explains, “We’re buying equipment in China, and the head of Lifetime China says, ‘I need to have an answer on this today. If we don’t order these machines today, the quote expires and tomorrow the price goes up.’ I can grant approval at 8:00 P.M. at home, which is 10:00 A.M. in China—so he’s getting an answer that day.” Hendrickson estimates he saved U.S.\$50,000 on a single purchase because he approved the purchase the day the quote was available.

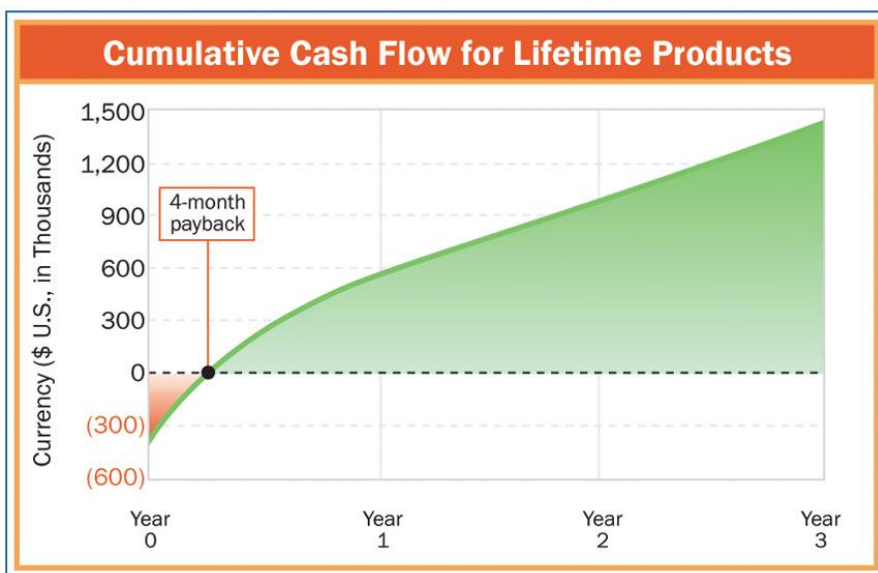
The camera feature on mobile devices has also assisted with making improved purchase decisions. Ted Esplin, Director of Business Development, says, “I was in Mexico looking at equipment for sale from a company that went out of business. I took a picture of a machine and e-mailed it instantaneously back to the office saying, ‘Does this look like a piece of equipment we might use?’ I was able to clarify it right then rather than trying to verbally describe it and waiting until I was back in the office to share the picture. For what I do, the mobility is phenomenal.”

Mobility is helping make decisions that improve Lifetime Products time to market. Dave Winter, VP of Research and Development at Lifetime Products, tells how a problem with the color coordination for a product was resolved. “In the morning I looked at the shed, and I didn’t notice the color; then later I received feedback that it looked bad. I had to attend a meeting so I asked Vince to check out the shed. During my meeting, he e-mailed me a picture, and, as soon as I saw it, I agreed that there was a problem. I was able to act immediately to

Financial Benefits

Net present value per user	U.S.\$1,200
Net present value	U.S.\$1,000,000
Internal rate of return	245%
Payback	4 months

Figure 1. – Lifetime Products estimates positive cumulative cash flow in approximately four months, based on the calculations of costs and business benefits of the solution.



begin resolving a problem that I might not have gotten to for several hours. That probably saved one day in our time to market.”

Within the Metals Division, mobility has played a part in increasing output by 100 percent with only a 10-percent growth in number of employees in 4 years. Mike Pokorny says, “Each one of my production lines e-mails their status every 2 hours and this gets communicated to every manager 24 hours a day. Before we walk in the door in the morning, we’ve already made decisions about what we are going to do depending on what happened all night long.” Because of the updates, he can check updates from home on an as-needed basis and operate without off-shift supervision, eliminating the need for about 12 supervisors.

Improve Collaboration on Marketing Materials and Planning Schedules

Windows SharePoint Services has enabled collaboration on documents that help save time. The centralized storage of the most up-to-date marketing material can save 10 people 20 minutes a week locating documents. It helps keep everyone on the most current version, and people always

know where to find the graphics, packaging design, or other marketing information.

For manufacturing planning, multiple people can work on the demand schedule as a shared document on a Windows SharePoint Services site rather than sending it between employees through e-mail. The document is produced in less time and provides a longer lead time for manufacturing, which should help them reduce their finished goods inventory and its associated costs.

Reduce IT Support Costs

As previously outlined, IT has not had to increase headcount with the implementation of the mobile solution. In addition, they have lowered their total cost of ownership for portable computers, as the number of viruses acquired from public Internet access points (in hotels and airports) has been reduced. Lifetime Products saves approximately U.S.\$40,000 in costs once associated with portable computer maintenance.

Remote access fees once incurred at airports and hotels were eliminated. The company estimates that it saves well over U.S.\$10,000 each year in such costs among its eight sales managers alone.

How Benefits Were Measured

Navigant Consulting, Inc., an independent consulting organization, performed a cost and benefit analysis to determine financial measures associated with the investment in the Microsoft Office System solution. When determining costs and benefits, the value of labor time was included.

The costs calculated include:

- Software licensing.
- Hardware.
- Training (help desk, IT, and end users).
- Deployment (strategy, imaging, add-ons, rollout, and installation downtime).
- External professional services.

For More Information

Navigant Consulting, Inc. (NYSE: NCI) is a specialized independent consulting firm that assists clients in addressing the critical challenges of business model change, regulation, and risk. NCI's Value Impact Analysis (VIA) Practice focuses on helping clients understand the value of major investments including IT investments. For more information about NCI, send e-mail to via@navigantconsulting.com or go to: www.navigantconsulting.com

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For more information about Lifetime Products products and services, call (801) 776-8993 or visit the Web site at: www.lifetime.com

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The following are some of the business improvements that were used to help calculate the benefits:

- Increased productivity.
- Savings with faster purchasing decisions.
- Eliminated need to add production supervisors.
- Time saved searching for documents.
- Reduced Total Cost of Ownership for laptops and connection fees.

To determine the cost of IT time, labor time was multiplied by the fully burdened hourly rate for IT staff. To determine the value of time saved, labor time was multiplied by the average fully burdened hourly rate for the employee population.

Using established cash flow analysis, standard financial data was measured over a three-year period, including *payback*, the time that it takes a company to recoup its investment in the solution; *net present value* (NPV), the total value to the customer from investing in the solution, expressed in today's dollars; *NPV per user*, the NPV divided by the number of users affected by the solution; and *internal rate of return*, the rate of return that the customer realizes from investing in the solution. The internal rate of return is the rate that equates the present value of cash flows to zero.

While every organization has unique considerations for economic analysis, this case study highlights key areas where economic value has been realized from the Microsoft Office System.

Microsoft Office System

The Microsoft Office System is the business world's chosen environment for information work, providing the programs, servers, and services that help you succeed by transforming information into impact.

For more information about the Microsoft Office System, go to: www.microsoft.com/office

Software and Services

Products

Microsoft Office System

Microsoft Office Professional Edition 2003

Microsoft Windows Server System

Microsoft Windows Server 2003, Enterprise Edition

Microsoft Exchange Server 2003

Microsoft Windows Mobile 2003

Technologies

Microsoft Windows SharePoint Services

