

LVMH Harmonizes Process and IT for Cognac and Champagne Houses

Capgemini helps LVMH foster collaboration between several competitive business units within the same group by designing and implementing processes to allow them to work in unison

The Situation

The Wine & Spirits unit of LVMH, a world leader in luxury, includes five Houses of Champagne and Cognac, responsible for some of the world's most famous brands: Dom Pérignon, Moët & Chandon, Veuve Clicquot Ponsardin, Hennessy, Ruinart and Krug. Historically, the houses had been fiercely competitive. Now that they were all under the LVMH Group umbrella, the parent company needed to find a way to make them work in a harmonized way with their clients.

The Solution

In 2004 the Moët Hennessy (MH) division launched a large project named Chorus, whose objectives—underpinned by harmonization, simplification and innovation—were to improve the processes and IT solutions of the five houses. Chorus' scope was immense and included: Supply Chain (planning linked to forecast and distribution

replenishment for subsidiaries and wholesalers), Production and Quality Management, Maintenance, Purchasing, Finance and Reporting, Traceability and Product Lifecycle Management. MH called on Capgemini's proven expertise to help:

- define and develop the business core model using SAP and Cognos software
- define the business process
- implement the SAP and Cognos solutions
- facilitate change management.

The Result

Aided by the timely launch of the Chorus project, core model processes now cover 90% of the company's functionalities. Due to the high level of knowledge transfer involved,

“Chorus project has succeeded in passing through each House's “resistance areas”. It has been difficult but we have definitively installed a cross-fertilization attitude between key players. For me, it's the best illustration of a successful transformation project.”

Florent Courau,
Programme Director,
LVMH



Capgemini instituted a graduated phase out of their involvement in less than a month after the go live date, MH's Business Process Owners and IS Department were running the processes nearly on their own. The project has become an example within MH of how all the houses can work together and be aligned internally without any of them losing their specific culture and identity.

How LVMH and Capgemini Worked Together

MH recognized the need to harmonize business processes among their five Champagne and Cognac Houses. The five had been competitors for centuries and even after becoming part of the LVMH Group, cooperation on process alignment had been difficult and slow. Starting right away in the proposal phase, Capgemini worked with MH to identify key players and decide on the best mix of capabilities to ensure the long term success of the project. Some teams had to be reinforced, others decreased, and occasional coaching was necessary. A transparent review process was held every three months to share benefits and concerns about each team, and adjust the common MH and Capgemini resource plan.

The key people involved were invited to an initial Accelerated Solutions Environment (ASE) seminar. The seminar succeeded in identifying critical business issues and the decisions that would have to be taken to solve them, defining and solidifying the role of the Business Process Owners (BPOs) in the project and aligning the project with the vision and governance of top management.

Setting up a project governance arrangement created and fostered harmonization among the five houses. A BPO was named for each process of the scope and given the responsibility for the design of the core business model. The BPOs were also required to validate the solution not only for their individual processes but for all the houses as well. Working with a network of key users from all the houses, the BPOs created the Chorus business community.

Change management also occurred on almost every level: Top management onboarding, strong mobilization within the houses, organizational change, training, and communication. Each house organized Chorus Days (les Rencontres Chorus) involving 300 people from different professions and departments, sharing their views on the process and progress of the project. The initiative was considered to be a huge success by top management, key users and trade unions.

The project was initiated in April 2004. The pilot rollout took place in January 2006 and the final rollout in July 2006. A final ASE seminar was held to wrap

up the project. All the participants agreed that there was only one question left unanswered: "How could the houses keep the dynamism created by the Chorus project going?" To make sure that the collaboration fostered by the project would not be lost, BPOs have developed and maintained regular contacts with key users in the other houses and continue to meet months after the official go live date to resolve both Chorus and non-Chorus issues.

Due to its large scope, the Chorus project has impacted almost every division of each of the houses and has changed the way business leaders work together.



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In collaboration with

LVMH

The Wine & Spirits unit of LVMH includes five Houses of Champagne and Cognac, all of them world famous brands: Dom Pérignon, Moët & Chandon, Veuve Clicquot Ponsardin,

Hennessy, Ruinart and Krug. LVMH is a world leader in luxury. The group's total 2005 revenues were 14 billion euros. LVMH has 59,000 employees worldwide and an international retail network of more than 1,700 stores, with a unique portfolio of some 50 prestigious brands.

For more information about LVMH, please visit <http://www.lvmh.com/>