

Sydney Morning Herald

– improving business performance

Tom Burton, Executive Editor of the Sydney Morning Herald (SMH), is determined to see his newspaper remain at the top of a rapidly changing media industry. Burton is using Prodacapo software for Activity Based Costing/Management (ABC/M) to introduce colleagues to a new way of working. “I want to strengthen the position of a profitable, high-quality newspaper that’s pitched to the most valuable readers. Prodacapo is helping us do this.”

The SMH has enjoyed a long history of strong growth and high margins. However, the media industry is becoming increasingly fragmented and competitive. “In today’s world consumers have a proliferation of media choices. There are thousands of different magazines, hundreds of pay-TV channels, movies, books, computer games and the Internet. To compete we have to be more savvy about the way we operate. Some of our revenue streams were no longer dominating effectively in the way they used to, so we decided to make some changes. We didn’t want to be victims of the changing nature of the industry,” said Burton.

Doing more with less

One strategy was to improve the overall efficiency of the business, whilst focusing on pitching of the newspaper to its most valuable readers. Prodacapo provided a tool that delivers insights into how business processes could be improved. Mapping the activities of the entire organiza-

“We wanted to improve our processes and operations so we could continually do more with less.”

tion, right down to each operational unit, allowed them to understand which activities drove their costs and revenue and where they could improve cross-functional and cross-sectional work flow.

The perfect ABC/M tool

The SMH went looking for a mature ABC/M tool that could build large, robust financial models. They decided on Prodacapo ABC/M. “The software had to be totally functional. We wanted to be able to run different ‘what if’ scenarios and map all of our activity processes without being swamped with masses of incomprehensible data. We had heard about Prodacapo and its capabilities. Then we found ABM Systems – the Prodacapo distributor in Australia – and their team who had on-the-ground experience. They held our hand throughout the implementation process and worked well with our people to make the changes happen. Prodacapo ABC/M is a great tool, it holds data in a functionally powerful way and it was at the right price point for us” said Burton.

Everyone involved

The SMH wanted to drive its organizational changes from the bottom up rather than the top down. To promote continuous positive changes, they needed each sub-sector of the business to be responsible for mapping and managing its own activities, inputs, actions and cost changes.



“Within the first few months of implementation, we identified improvement ideas that provide a 500 per cent payback on our investment in the software and consulting”, says Tom Burton, Executive Editor of the Sydney Morning Herald.

The Prodacapo software and ABM Systems got everyone involved in the ABC/M processes.

FACTS The Sydney Morning Herald

The Sydney Morning Herald (SMH) has been one of Australia’s leading newspapers for 170 years. The SMH is part of the Herald Publications, a business unit of John Fairfax Holdings Limited (Fairfax). Fairfax is Australia’s leading publishing group and one of Australia’s top 50 corporations.

Staff: 4,500 personnel

Revenue: Approximately A\$1.2b

Prodacapo product: Prodacapo ABC/M

“ We had had a series of consultancies but there had been no learning within the organization. This time, we wanted something we could own so we could be the drivers of change ourselves. ”

Implementation

The implementation at SMH started with a focus on Editorial, Advertising, Circulation and support functions like IT.

“ABM Systems coached us to facili-

tate some 40 interactive workshops to define, evaluate and map activity workflow across our business. We modelled our business in Prodacapo ABC/M concurrently with the workshops, enabling us to develop reliable, broadly owned results.

Whilst our financial department have focused on generating profitability analysis, we have been using the system outputs to focus business improvement.

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Some initial resistance to the changes has largely disappeared now that Prodacapo results are being felt

Where to from here?

Usage of the software is going to be extended to other Fairfax publications and magazines as well as to their printing facilities. In future they also want to make

Fairfax is using Prodacapo to

- understand real product, channel and customer profitability
- develop and execute value add strategy
- improve the critical business processes
- improve resource allocation
- measure strategic performance, and
- manage initiatives to deliver more value.

profitability analyses on customers and have shown interest in Prodacapo software solution for Balanced Scorecard. Concludes Burton, “This is definitely the direction we want to move in. Increasing the scale of the model is our next big challenge.”

FACTS ABM Systems

ABM Systems is a Sydney based Australian company specialising in providing performance management solutions for Activity Based Costing (ABC), Process Management and Balanced Scorecard to companies and government organisations. The company is a member of the Prodacapo worldwide network of Partners. www.abmsystems.com



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