An HP Professional Services solution for Macleod-Stedman

Solving business needs with HP's education and consulting services

For Macleod-Stedman Inc., a Canadian hardware and variety store chain, mainframe downsizing resulted in $1 million in annual savings and a new lease on life. Emerging from bankruptcy in early 1992, the new streamlined company, called Cotter Canada Hardware and Variety Cooperative Inc., is today a 300-store, retailer-owned wholesale cooperative. Based in Winnipeg, Manitoba, Cotter Canada distributes $100 million annually in hardware, variety, and related items throughout Canada. A key factor in the company's successful reorganization was the move to distributed information systems—systems linked in a communications network. Together with HP and HP's business partners, Macleod-Stedman successfully retooled its entire operation in just 6 months, enabling the company to secure needed outside investment.

Cotter Canada
Hardware and Variety Cooperative Inc.

Three years ago, Macleod-Stedman began consolidating operations to increase its competitiveness and better leverage resources. Previously operating Macleod and Stedman as two separate companies, the parent company hoped that by combining corporate, wholesale, and retail systems, it could reduce its operating costs. Consolidation, however, proved harder than anticipated. Taking twice as long as expected, the wholesaler continually hit technology roadblocks because of incompatibility between Macleod's IBM mainframe-based system and Stedman's Honeywell-Bull mainframe-based system.

Eliminating obsolescence

Says Norm Moore, director of management information systems, "Our problem was that we were relying on technologically obsolete information systems. They were expensive to purchase and maintain and left us unable to take advantage of software development advances. Our software had been designed almost 2 decades ago to handle old business problems, leaving us unable to respond quickly enough to market changes. It no longer made sense to incur excessive costs to operate systems that did not meet our current needs and were incapable of being changed to meet future needs."

Extending resources

Moore and his team of two analysts worked with company executives to translate 3-year operational objectives into functional requirements for a new information system. From the functional requirements, they compiled a resource requirements plan spelling out long-term information requirements. Moore knew he couldn't afford 2 years to develop the internal expertise for implementing a new information system. Balancing the company's need to reduce costs and increase its attractiveness for outside investment, Moore looked to outside resources to help. Says Moore, "By contracting with outside expertise, we found we could get the project done faster and far more economically."

HP's problem-solving approach

Contacting leading computer companies, Moore was most impressed by HP's customer orientation and problem-solving approach. Says Moore, "One of the first things I noticed in my initial meetings with Hewlett-Packard consultants was that they seemed to be more concerned about helping me find the best solution and less concerned with trying to make me buy something." This approach, coupled with HP's implementation experience in distributed systems, HP's strong working relationship with the company's chosen software vendor, and extensive customized training and support programs, led Moore to choose HP as the company's implementation partner.

HP's added value

A critical component of the project was education. HP's professional trainers worked with Moore's staff to educate them about the technology and give them a clear sense of the technology's benefits. Through a combination of on-site and off-site training, Moore's staff quickly become productive in the new computing environment. Says Moore, "Considering that we were an IBM mainframe shop with long-time, career IBM people, HP's training and consulting services were invaluable. When we began this conversion, we didn't really know where to start. HP provided the guidance we needed to put together a plan that tracked our progress and incorporated a broad package of services as we needed them."

Leveraging expertise

Education also helped encourage user involvement in the project from the start. HP consultants interacted in steering committee meetings and departmental task forces, helping to assess the project's status and set priorities. As implementation milestones were reached, HP consultants guided Moore's staff in avoiding pitfalls, which saved the team time and effort. Continues Moore, "HP consultants helped us set up and learn new products and implement system upgrades, which for us, having never done anything like this before, was of great value." Leveraging HP's expertise enabled the company to avoid hiring additional people.

Relying heavily on HP and HP's business partners, the team replaced the company's information system and application portfolio with a flexible, open system that supports centralized and distributed processing. Key administrative functions—accounts payable, general ledger, and accounts receivable—today are centralized in the corporate data center, while order processing and merchandising information systems are distributed among regional data centers. The system can easily accommodate multiple business units and distribution centers as business grows. It also dramatically improves the amount and quality of financial and operating information available to managers—a critical objective for management.

Cost-effective systems

Migrating to distributed information systems reduced Cotter Canada's information system costs by $1 million annually. More importantly, the new system dramatically enhances the company's responsiveness to changing market and organizational dynamics. Supporting Macleod-Stedman from bankruptcy through its re-emergence as Cotter Canada has validated the new system's ability to accommodate changing business demands. Today, revitalized and poised for growth, Cotter Canada is finding new ways to use information technology to its competitive advantage. To find out how HP's education and consulting services can help you implement cost-effective information systems, contact your nearest HP representative today.

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