

For Fila, Short Yardage Gains Help Score the Goal

Sportswear manufacturer/retailer implements PeopleSoft HR system

SHORT-TERM WINS CAN DRIVE LONG-term gains. At least, that's what you'd have to conclude from Fila USA's experience in implementing a human resources system from PeopleSoft.

The wholly owned division of Fila Sport, based in Biella, Italy, designs and sells high-end sportswear for the American market. Outlets include department stores, specialty stores and 48 company-owned Fila retail outlets.

Until 1998, the company relied on a manual human resources system to cover 1,400 employees at a design center in New York, a technical design center in Peabody, Mass., a headquarters in Sparks, Md., and in the stores. Fila wanted to automate HR, but the job came hard.

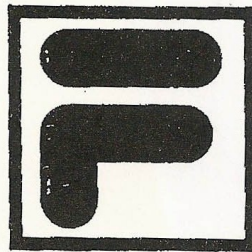
Fila's director of information technology, Dave Soriano, explains the decision to implement PeopleSoft Human Resources Management System (HRMS) suffered from budget cuts and a huge turnover in staff, and wouldn't have been completed if PeopleSoft hadn't stepped in.

He describes the background as follows: Fila had tremendous growth in the 1990s. "Our fortunes rose along with the U.S. sports market." By 1997, Fila USA was a \$700 million company. Then the footwear market stumbled, and the company encountered difficulties that threatened its progress and limited its options.

"We were in dire need of an HR system," Soriano says, "and there

we were with a PeopleSoft system sitting in a box on the shelf. We had bought it at a promotional price a year earlier, and now it looked as if it wouldn't ever come off the shelf."

Enter Dirk Washington, a retail business unit account manager for PeopleSoft, based in Pleasanton, Calif. "Fila's senior people were leaving right and left," Washington recalls. "When a new HR management team came in, they looked at



PeopleSoft, realized they didn't have the expertise to implement it, and decided to give it back.

"So we met with Dave Soriano. He got behind it, and the company agreed to let us assist in a rapid implementation of the HR Benefits module. The deal was, 'Show us some quick results, and we'll go for the complete package.' We did, and they did."

However, Fila was in a budget-imposed hiring freeze, and the IT department was down from the 35 people it currently employs. "We couldn't hire anyone," Soriano recalls, "but we could bring in contractors."

Maximum Potential of Rockville, Md., straight off an implementation at

America Online, started at Fila in October 1997 with a contract to take the HR package live by May 1998. The trenchwork involved running one payroll cycle after another, Soriano says.

ADP, Owings Mills, Md., is Fila's payroll provider. "It's very important to be in synch with your payroll provider," Soriano says. "Under the old, manual system we had to load all the changes, hires and other information into their master file before we could run the payroll. PeopleSoft improves upon that by offering an automatic interface to ADP, but when you're installing the system, it's a very big challenge to run four cycles in a row where you're successfully parallel."

There also were integrity problems with the data that was being fed into the system, which necessitated intensive "data scrubbing," as the team calls it. Another challenge was the difficulty of prioritizing daily activities at the line-manager level during the implementation. But Fila went live on schedule, including an upgrade from the 6.0 originally purchased to version 7.5. The benefits of HRMS include integration of systems, improved data integrity, easy queries, the ability to generate forecasting and what-if scenarios, and new capabilities for reporting head counts, salary rankings, and government regulations.

Fila now is looking toward an intranet solution, which would increase the visibility of information throughout the company and enable employees to make simple updates of information such as address changes. Also on the agenda is implementation of the PeopleSoft Benefits Administration module. "That's a very big, complex module," Soriano says. "There's a lot of compliance testing you have to do to satisfy the government, but we want to roll it out after we settle Y2K." RT