

## The Challenge: Obtain Business Benefits from a Major SAP Implementation

### The Client:

For a period of two years, a mid-sized plastic products manufacturer had been struggling to obtain business benefits from a major SAP implementation. Kaufman Global was asked to undertake a full supply chain business process redesign, and to determine how to best utilize information technology, primarily SAP, to enable the implementation of the new, integrated supply chain. This involved activities at two manufacturing facilities, five distribution centers, multiple sales offices, and the corporate headquarters.

From a business performance standpoint, this client was encountering significant problems as a result of its inability to meet customer demand for product. Stock-outs of fast-moving product lines were causing major erosions in the customer base, a problem compounded by inventory inaccuracies at all distribution points. Furthermore, there was a build-up of non-critical inventory, caused by inaccurate forecasts and misaligned production schedules at the two plants.

### The Approach:

Leadership was committed to resolving the short-term inventory problems while concurrently addressing the long-term goals associated with the use of SAP and other information technology. In order to achieve the implementation of an integrated and streamlined supply chain, a three-pronged approach to the project was undertaken:

- The team used a fully integrated project approach (Kaufman's SLIM-IT<sup>®</sup> implementation methodology), with the entire initiative sponsored by the Corporate Leadership Team. This included the following three major work streams:
  - Supply Chain process redesign and implementation

- Information technology integration and implementation
- Communication, education, documentation, and training

- A joint client / Kaufman S&OP Team was established to ensure tight integration between the three major streams of activity. At its peak, there were 25 cross-functional teams involved in delivering process and information technology improvements across the organization.
- Major focus was placed on the use of Rapid Improvement Events to achieve the earliest possible implementation of business process improvements, incorporating information technology enabling tools wherever appropriate.

### The Results:

Through a better understanding of its supply chain, this client has been able to configure the latest version of SAP to truly support the current and emerging needs of the business. Specific project results included:

- Identification of **over \$15 million of tangible benefits**; 10% realized within the first 6 months
- Established an automated maintenance system (Phase 1) using SAP
- Developed model to support the consolidation of distribution centers from 5 to 3
- Reduced inventory stock-outs by 50% and improved forecast accuracy by 20%
- Implemented enhanced version of SAP within an 8-week period
- Implemented automated scheduling, using SAP as the primary tool
- Successfully established Sales & Operations Planning Team to ensure full leadership accountability for profitability and performance

***This client now understands the value of tight integration and alignment between streamlined business processes and information technology.***