

SAP Customer Success Story
Consumer Products; Industrial Machinery and
Components – Power tools and accessories



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Tom Lonegro, Director of Global Supply Chain Systems,
The Black & Decker Corporation

AT A GLANCE

Company

- Name: The Black & Decker Corporation
- Location: Towson, Maryland
- Industry: Consumer products; industrial machinery and components
- Products and services: Power tools and accessories; hardware and home improvement products; technology-based fastening systems
- Revenue: US\$6.5 billion
- Employees: 27,200
- Web site: www.bdk.com
- Partner: Internal project

Challenges and Opportunities

- Integrate sales and purchase orders to manage global trade operations more effectively
- Streamline processes for expanded outsourcing

Objective

Deploy single application to manage information, functions, and documents for global trade

Solution and Services

SAP® Global Trade Management application

Implementation Highlights

- Conducted pilot at headquarters
- Spent time to understand global purchasing's business processes
- Overcame language and cultural differences
- Tailored application
- Cleaned up master data

Why SAP

- Natural extension of SAP corporate standard
- Functionality to link sales and purchase orders in one place

Benefits

- Dramatically improved visibility into the outsource supply chain
- Eliminated legacy system and cumbersome manual processes
- Expanded outsourcing without increasing size of global purchasing office

Existing Environment

mySAP™ Business Suite applications

Third-Party Integration

- Database: Oracle
- Hardware: Compaq
- Operating system: UNIX

BLACK & DECKER

Large Manufacturer Uses SAP® Global Trade Management to Simplify Global Outsourcing

The Black & Decker Corporation is a global manufacturer and marketer of quality power tools and accessories, hardware and home improvement products, and technology-based fastening systems. The company outsources to the Asia-Pacific region through a global purchasing operation in Hong Kong that funnels demand from Black & Decker divisions worldwide to a network of 250 Asian suppliers. When demand was growing rapidly and global purchasing couldn't keep up, Black & Decker turned to the SAP® Global Trade Management application.

SAP Global Trade Management is an integrated software application that provides a single point of access for all information, functions, and documents related to global trade. Purchasing and sales data are summarized within one document for a clear overview of activities. This enables Towson, Maryland-based Black & Decker to manage the entire trading life cycle, track deals and the movement of goods, and create follow-up documents and invoices.

Black & Decker is making extensive use of the trading contract functionality in SAP Global Trade Management. “Our worldwide divisions place demand on global purchasing in the form of sales orders,” says Tom Lonegro, director of global supply chain systems at Black & Decker. “When you enter a sales order as a trading contract, the software creates a corresponding purchase order, links the two together, and manages them as a unit. Changes going forward are automatically integrated; this simplified our administrative process for order changes. If we didn't do this, we would have to create and manage an entire purchase order process over and above the sales order process. Two separate processes for information that has to stay together is a recipe for disaster.”

Says Lonegro, “Sales orders can have multiple purchase orders associated with them – purchase orders for different components, purchase orders broken into staggered delivery buckets, purchase orders sourced from more than one supplier. Sales orders often change, too. If you don’t have the sales and purchase orders linked properly, you wind up with a lot of confusion. The SAP Global Trade Management application enables us to manage both halves together, the buying and selling side. This is not trivial. We track of thousands of orders – which ones are changing, which purchase orders are placed against which third-party suppliers, and so on.”

Lonegro cites the benefits. “We now have a fully integrated process; we were able to eliminate one legacy system and a series of cumbersome manual processes. With all the key information in one place, global purchasing can have focused conversations

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with suppliers about what needs to be produced and with the rest of the company about the demand being placed on them. We were able to expand operations in the Asia-Pacific area without adding employees. We acquired a number of companies and were able to fold them into our operation without any significant effort. The ability to enlarge operations without increasing the size of our support office was a big win for us.”

The selection of SAP Global Trade Management was straightforward. “We are committed to SAP software across the company; this was a natural extension,” Lonegro says. The rollout began with a pilot at the Power Tools and Accessories division in Towson, followed by implementation at the global purchasing office in Hong Kong.

Outsourcing Goods and Parts

Once a decision has been made to source finished goods or component parts from the Far East, global purchasing qualifies subcontractors, sets up contracts, and inputs contractual and master data information into SAP enterprise software. Black & Decker creates forecasts, determines what’s going to be needed when, then issues sales orders as trading contracts within SAP Global Trade Management.

“As goods are being manufactured, we get status reports back from the suppliers,” Lonegro says. “When product is shipped from the manufacturer, we get an in-bound delivery message against the purchase order; this begins the accounting process. We use that inbound delivery as a signal to generate receiving information for our distribution centers. We track the goods through shipping container numbers.”

The sales forecasting system communicates daily with SAP Global Trade Management. “Global purchasing personnel are constantly looking at what’s coming in, aggregating orders, and managing those orders,” Lonegro says. “Project engineers use the output from SAP Global Trade Management to see which purchase orders have been put against which suppliers and to track quality.”

Black & Decker employees appreciate the new system. “Users have one place they can access to see what is going on across logistics and accounting,” Lonegro says. “They can view open orders, delivery dates, and status data. We have more detailed visibility into the outsource supply chain and supplier delivery dates, and therefore the date we can deliver to our distribution centers and retail customers. We anticipate continued growth in the volume of business moving through our global purchasing center. SAP Global Trade Management is crucial to our ability to manage outsourcing in an orderly, smooth way.”