NEWELL RUBBERMAID

SAP® CONSULTING IMPROVES INVENTORY ALLOCATION FOR CONSUMER PRODUCTS GIANT

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Russ Mikan, IT Director for the Order-Through-Cash Team, Newell Rubbermaid Inc.

QUICK FACTS

Company
- Name: Newell Rubbermaid Inc.
- Headquarters: Atlanta, Georgia
- Industry: Consumer products
- Products and services: Consumer and commercial products
- Revenue: US$6.5 billion
- Employees: 19,000
- Web site: www.newellrubbermaid.com
- Implementation partner: The Business Transformation Consulting group, part of the SAP® Consulting organization

Challenges and Opportunities
- Improve ability to allocate inventory; improve available-to-promise (ATP) processes
- Develop a midterm and long-term plan for greater supply chain efficiencies

Objectives
Leverage SAP Consulting expertise to exploit inventory allocation and ATP functionality in the SAP ERP application

SAP Solutions and Services
The Business Transformation Consulting group, a part of the SAP Consulting organization

Implementation Highlights
- Rapid 6-week engagement
- Targeted scope
- Mixture of quick wins and longer-term recommendations

Why SAP
- The SAP Consulting organization's direct contact to product development team within SAP
- SAP's extensive experience with consumer products companies and their issues
- The SAP consultants' knowledge of SAP ERP architecture, configuration, and processes
- The SAP consultants' approach, including their ability to listen to the customer and avoid preconceived ideas

Benefits
- Stronger knowledge of the available-to-promise functionality in SAP ERP
- Introduction of best practices into business processes
- Greater flexibility for meeting customer order requirements
- Creation of a midterm and long-term road map for additional supply chain improvements

Existing Environment
SAP ERP application

Newell Rubbermaid™

Newell Rubbermaid Inc. wanted to better allocate inventory and determine what goods were available to customers by improving its use of the available-to-promise (ATP) functionality of the SAP® ERP application. It turned to the Business Transformation Consulting group, part of the SAP Consulting organization, for a lightning-fast six-week engagement. The project included "quick wins" to sustain momentum and a road map to point the way to even greater supply chain efficiencies. This will be enabled by the global ATP functionality in the SAP Supply Chain Management (SAP SCM) application, which is crucial to Newell Rubbermaid's long-term strategy of inventory prioritization.

SAP Consulting assembled a team of experts in consumer products and SAP architecture and solutions. Its Newell Rubbermaid counterparts included managers, business process owners, customer service representatives, and IT personnel. Together the team members defined the scope, working through several iterations to determine what issues would be addressed. They established a schedule and conducted discovery workshops to gather the needed information. The joint team then identified gaps between as-is and best practices and nailed down the new process design.

"SAP Consulting brought quality people to the engagement," says Dan Gustafson, VP for IT project management at Newell Rubbermaid. "The thing I liked is that the SAP experts listened to our challenges. Some of the consultants we've had in the past have told us that our approach was all wrong – before they understood how our company operates and the rationale behind our strategies. The SAP consultants listened first, consumed all the information, and then came back with their thoughts. We were extremely pleased with their way of doing things."

Newell Rubbermaid was also pleased with the SAP Consulting team's wide-ranging expertise. Says Russ Mikan, IT director for the order-through-cash team at Newell Rubbermaid, "SAP Consulting was not only able to look at our overall process, align it with best practices, and envision where we could be; it could also conduct detailed discussions of how the ATP functionality worked and how to configure settings. We saw an immediate payback from being able to get down to the nuts and bolts of the application and understand what made it work so we could turn things around very quickly. The SAP consultant's depth and breadth of knowledge was very impressive."

So were the results. Newell Rubbermaid serves major retailers with demanding order-fulfillment requirements, so strengthening inventory allocation and ATP processes is critical to keeping the customer satisfied.

"Having this capability is extremely important," says Nikki Hatchet, business process owner for order to cash in the home and family group at Newell Rubbermaid. "Our customers' expectations are very high. Available to promise plays a crucial role in the everyday process of customer service. Each business unit now has the flexibility to better service the wide variety of customer needs."

SAP Consultants: Experts in Best Practices for Consumer Products

Newell Rubbermaid is a global marketer of consumer and commercial products. The company's brand portfolio includes Rubbermaid, Sharpie, Graco, Calphalon, Irwin, Lenox, Levolor, Paper Mate, Dymo, Waterman, Parker, Goody, and Aprica.

Newell Rubbermaid fulfills 5,000 orders a day through its North American office products; home and family; and tools, hardware, and commercial products groups. The company was using a customized application to allocate inventory and determine what was available to promise. When it made a corporate decision to standardize on SAP software, Newell Rubbermaid called in the Business Transformation Consulting group of SAP Consulting to help it leverage the available-to-promise functionality within the SAP ERP application.

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"SAP Consulting knows how other consumer products companies that face the same challenges use SAP software," Gustafson says. "It has talked to people in companies similar to ours that have solved these issues, and from these engagements, it has developed a set of best practices for the industry. We wanted to tap into its expertise to incorporate those best practices in our company."

Tight Scope: Inventory Prioritization

Newell Rubbermaid says a key success factor in the engagement was the tight scope. "This was a very targeted engagement," Mikan says. "We purposely kept the scope fairly narrow so we could complete the project on time. We were specifically looking at the order-receipt through delivery-fulfillment process, in the areas of available to promise, product allocation, and back-order processing.

In other words, get the order and get it out. But it wasn't that simple. In a perfect world, you take an order, process it, and ship goods. In the real world, inventory is finite and constrained; there are stock-outs and stock shortages. With 5,000 orders crossing their desks daily, customer service reps had to continuously calculate how to fulfill demand based on customer priority, requested delivery date, order creation date, item profitability, and other factors.

"For example," Hatchet says, "you have your tier-one customers whom you want to protect, so you allocate inventory to them as requested. Even when you're constrained on inventory, you want the ability to short-ship orders to 'spread the wealth' across their multiple distribution sites."

Quick Wins, Long-Term Strategy

The team examined the order-fulfillment process in detail. "We then developed recommendations that addressed the business issues," Mikan says. "We categorized them as short and midterm. For a longer-term solution, we discussed what the global ATP functionality in SAP Supply Chain Management could do."

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That was a key part of the successful engagement. SAP Consulting delivered both immediate recommendations for process improvement as well as mid- and long-term suggestions for improving efficiency across the wider supply chain of suppliers and logistics providers.

"We identified 18 issues – 10 of which we thought we could fix short term," says Mikan. These short-term "wins" were crucial. Says Gustafson, "We came up with concrete solutions that we were able to execute and deliver over the course of the two to three months."

On to the Next Level

The long-term strategizing was equally important. "It was nice to know what benefits we would be gaining from the global available-to-promise functionality in SAP SCM," Gustafson says. "We were able to visualize what the global ATP functionality could do and build up our knowledge base. We also got a clear understanding of the SAP product road map so we could identify further opportunities for improvement – for example, for the SAP functionality for transportation planning."

The global ATP functionality in SAP Supply Chain Management promises to have a big impact on the company. "It's a lever for business transformation," says Gustafson. "SAP SCM has a precise, rules-based allocation engine. This will let us make key business decisions based on customer needs and profitability and execute our supply chain more smoothly."

That's just what Newell Rubbermaid expected when it engaged SAP Consulting. "The Business Transformation Consulting group within SAP Consulting became a trusted adviser," Mikan says. "To me, the engagement was worth every cent."

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