SAP Business One

SAP Customer Success Story
Chemicals and Fabricated Metal Products

LORD CORPORATION

PROFITING FROM BUSINESS NETWORK INTEGRATION WITH SAP® BUSINESS ONE

"Using SAP Business One to support business network integration enabled 360-degree customer visibility, streamlined reporting, and enhanced agility."

Carney Vensel, Manager of International IT, LORD Corporation

QUICK FACTS

Company
- Name: LORD Corporation
- Location: Cary, North Carolina
- Industry: Chemicals and fabricated metal products
- Products and services: Adhesive, coating, and vibration control and motion management technologies
- Revenue: US$750 million
- Employees: More than 2,600
- Web site: www.lord.com
- Implementation partners: be one Solutions AG and Blue Ocean Systems LLC

Challenges and Opportunities
- Gain centralized control over operations of global manufacturing facilities and sales offices
- Meet customer requirements at acceptable profitability levels
- Enhance corporate and regulatory reporting capabilities
- Improve operational efficiency, agility, and visibility

Objectives
- Link local sites with corporate and large manufacturing systems
- Standardize and automate processes and system controls
- Deploy material resource planning software at all sites
- Enable quality management
- Synchronize master data

SAP® Solutions and Services
SAP® Business One application

Implementation Highlights
- Developed business blueprint for first deployment and used it for subsequent projects
- Met local requirements with only minimal customization
- Involved users in software testing to enhance familiarity with features

Why SAP
- Rich functionality of SAP Business One application
- Support for local languages, currencies, and reporting requirements
- Ability to integrate with SAP ERP application and add-on manufacturing software

Benefits
- Created 360-degree customer visibility
- Standardized operational processes across regions, while allowing flexibility to accommodate critical local requirements
- Synchronized master data to create single view of the organization
- Enabled accounting and reporting for more than 800 profit centers
- Reduced days sales outstanding metric by 10%
- Consolidated monthly financial, contribution, and sales reporting
- Achieved plan for business network integration

Existing Environment
- SAP ERP application
- be.as GmbH manufacturing software

LORD
Ask Us How™

To enhance business performance and responsiveness, LORD Corporation needed to gain operational control over its global network of manufacturing, sales, and support facilities. With the SAP® Business One application, the company linked its local sites with the SAP ERP application used at its headquarters and large manufacturing facilities. "Using SAP Business One to support business network integration enabled 360-degree customer visibility, streamlined reporting, and enhanced agility," says Carney Vensel, manager of international IT at LORD.

Challenged by Growth

LORD, a worldwide leader in adhesive, coating, and vibration control and motion management technologies, is a privately held firm based in Cary, North Carolina. Founded in 1924, the company serves customers in the aerospace, defense, automotive, and industrial industries. With four core technologies – material science, electromechanical dynamic systems, chemical synthesis and polymerization, and surface science – LORD has 17 manufacturing facilities in nine countries and 90 strategically located sales and support centers worldwide.

For a long time, the international locations used their own software and developed unique business processes to meet operational requirements. With no standard processes or system controls, many of the sites found it difficult to provide data and reports in uniform corporate formats. Manufacturing operations relied heavily on inefficient, error-prone, manual transactions. Few of the local software programs provided quality management functionality. Those programs that provided material resource planning features typically lacked the ability to report work in process.

In most locations, there was no link between manufacturing operations and accounting software. With no ability to connect these systems, the company found it difficult to conduct profit center accounting. "Having so many bills of materials, costing, and accounting systems made it nearly impossible to create the visibility and agility we need," says Vensel. "It was time for a change."

Unification Plan

To integrate its operations, the corporation decided that all international locations would deploy the same manufacturing, finance, and quality management software. LORD already used SAP ERP to support operations at headquarters and the larger manufacturing facilities in the United States. The company wanted an application that could integrate with SAP ERP and support the international sites' local languages, currencies, and regulations. The new software also had to integrate with the manufacturing software from be.as GmbH (of Pforzheim, Germany) used by each production facility.

The LORD team conducted a thorough business requirements review and then began reviewing software packages. After evaluating products from Scala Inc., Microsoft, Infor, and IDS Sheer AG, the company selected SAP Business One.

"The SAP software had the largest number of localizations and languages, and the most extensive overall functionality," says Vensel. "It is a simple system to use and run. We knew we could integrate it with SAP ERP and run it with our manufacturing software."

Blueprint for Success

Executives decided to deploy SAP Business One first at LORD's Japan offices. The Japanese head of finance assembled a local cross-disciplinary team and served as the project leader. Personnel from the United States facilities supported the Japan team with costing, finance, and IT expertise.

Before installing any software, the LORD team carefully reviewed business requirements, created a business blueprint, and mapped the requirements to the functionality in SAP Business One. The group met all local requirements with only minimal customization. The team deployed the new software in just four months – on time and within budget.

"By supporting business process excellence and insight, the business network integration enabled by SAP Business One has delivered tremendous value to LORD."

Carney Vensel, Manager of International IT, LORD Corporation

Since the deployment in Japan, LORD has continued to roll out SAP Business One to numerous other corporate facilities around the world. With each deployment, the company enhances the global business blueprint with additional or updated processes. To maintain consistency, new processes are reengineered at the earlier implementations.

"We've really standardized the implementation process across the whole organization," says Vensel. "Having a global template gives us consistency, while still allowing for local or regional differences. When we use the blueprint process, we can get 95% of the way through the rollout before we need to perform any customizations."

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Rapid-Deployment Template

With each deployment, the LORD team works faster and more efficiently. The company uses two implementation partners – be one Solutions AG, based in Zug, Switzerland, and Blue Ocean Systems LLC of Wilmington, Delaware – to deploy the software.

"Both partners are very familiar with our processes and procedures," says Vensel. "This gives us the benefit of rapid, high-quality implementations. Our implementations of SAP Business One go smoothly and are on time."

In addition to working with the partners on software rollouts, the LORD team also performs extensive user training to gain maximum value from its SAP software. The company fully documents all processes and procedures and shares that documentation with users. Basic functional training helps users get familiar with software features. Users then participate in integration testing of the software. "It helps to get users involved in the end-to-end software testing," says Vensel. "They get more familiar with the system faster."

Power users are taught to train business users. The company also retains the services of the implementation partners to augment the training and expertise of on-site IT personnel. The consultants provide assistance to users on an as-needed basis, minimizing the effort required by IT.

Cross-Enterprise Value

Thanks to the deployment successes, the company has realized its critical business network integration goals. LORD now has 360-degree customer visibility, with insight that is helping the company segment its customers and tailor services more effectively.

The company can examine the contribution margin of all products. Analysts can view margins by product, customer, and ship-to location by considering costs such as material, labor, and variable or fixed overhead. "We just couldn't do that before," says Vensel. "We didn't have access to that level of detail across the organization."

Standardized operational processes – such as order taking, manufacturing, and financial tasks – have been deployed across all regions. Synchronized master data has increased data accuracy and helped create a single view of the organization.

LORD's order-to-cash process has been enhanced by new controls and reporting functionality. For example, the company can conduct profitability accounting and create reports for more than 800 profit centers. Centralized credit control monitoring and approval processes increased efficiency and reduced the "days sales outstanding" metric by 10%.

Monthly financial, contribution, and sales reports meet both corporate and government requirements. Yet the software provides the flexibility needed to accommodate any critical local requirements or internal changes, such as new organizational structures or accounting methods.

Tight Integration for Enhanced Visibility

With the confidence that comes from these achievements, the company is now tackling a larger challenge: deploying SAP Business One at one of the

larger LORD facilities in China. The company has three operations in China and one in Taiwan: chemicals manufacturing, mechanical operations, a trading company that handles sales, and distribution. The chemicals operation manufactures to an annual plan, with changes based on demand fluctuation. That company sells products to the trading company, which is licensed to sell to customers. For both companies, inventory stock resides in a shared warehouse.

Before the SAP software was deployed, the chemicals and trading companies manually managed sales orders, purchase orders, and the movement of goods. Because processes were time consuming, the data was not always current. In some cases, the trading company could not sell products already stored in the warehouse, because the data did not show them as available.

By integrating the multiple instances of SAP Business One at the China and Taiwan companies, LORD automated the processes of creating sales orders and purchase orders as well as transferring stock between the groups. "We basically automated all manual operations related to the movement of goods," says Vensel. "The result is reduced errors, time and cost savings, and enhanced sales."

Enabling Superior Business Performance

Building on these successes, LORD plans to continue rolling out SAP Business One to additional company locations worldwide. In addition, the organization will deploy new software functionality in selected locations. The functionality includes regional dashboard reporting for metrics and key performance indicators, synchronization of automated stock and stock transfers, and automated exchange rate data imports.

"As our business matures and continues to grow, we expect that new functionality offered in SAP Business One and SAP ERP will help us expand the capabilities of our international locations," says Vensel. "By supporting business process excellence and insight, the business network integration enabled by SAP Business One has delivered tremendous value to LORD."

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