

Lead to Cash Integration CBI (Continuous Business Improvement)



ICM America Helps Rhein Chemie Corporation manage the Complexity of Change.

Rhein Chemie GmbH (RC) supplies nearly 4,000 tailor-made active ingredient preparations and chemical specialties for the rubber, lubricant, polymer and polyurethane industries. More than 9,000 customers in 120 countries put their trust in products manufactured by this subsidiary of Bayer AG.

RC's global headquarters based in Mannheim, Germany decided to transform the way it conducts business with employees, customers and suppliers by implementing SAP AG's R/3 enterprise resource planning platform. The majority of global chemical companies run SAP to enhance the value of their supply chain management, strategic business planning and decision making.



The first challenge: Lead to Cash

Prior to the deployment of SAP Solution, RCC was using a variety of mainframe legacy systems and stand alone applications to automate financial and manufacturing processes.

To achieve their process automation goals, RCC chose to implement the following SAP modules: Financial Accounting (FI), Controlling (CO), Sales and Distribution (SD), Materials Management (MM), Warehouse Management (WM), Production Planning (PP), and Quality Management (QM).

At the RC's America HQs in Trenton, NJ; the SAP project was completed in eight months.

“Key to the project's success and speed of implementation was that fact that we didn't have to reinvent the wheel, because of ICM's experience in Germany,”

said Weber, CIO of RCC

However, project success isn't solely predicated by technology or consultant expertise. Employee involvement can make

or break the outcome. One challenge RCC faced in this initial implementation was employees' relative unfamiliarity with the SAP Business Platform. This was a completely new experience for RCC employees affected by this change – so training and motivation were critical.

While early and intensive management of key users was important, we were fortunate that a lot of enthusiasm was generated at every level of the organization. ICM and RCC worked to achieve a very open level of communication. The president gave several presentations to employees on the importance of this project. We hosted “open door days” where employees could drop in and discuss their challenges, frustrations and goals, or simply ask questions. Playback sessions were held where every employee could watch the key users performing the key business processes. This helped convey a level of comfort to the user community and also helped them understand their impact in a highly integrated system – and that all steps of a business process are linked and thus affected by each other. Everyone really got into the spirit of this



project. RCC produced t-shirts and coffee mugs and at project's end we had several celebrations to acknowledge a job well done.

Benefits from this initial implementation of SAP quickly began to accrue. "We realized success across the board – from finance to production. Because of SAP Solution we know exactly where we stand, no surprises. A standardized reporting system also enabled us to gain the most from our investment, by providing real-time decision support." Weber said.

An acquisition presents a unique Integration situation

Once the SAP Business Platform implementation was completed in Trenton the change was just around the corner. RC acquired Elastochem, a supplier of customized active ingredient preparations and chemical specialties for use primarily by the rubber industry. The company's assignment for ICM America was to integrate two new merged companies with one information system that would streamline and integrate business processes and eliminate inconsistencies between the two businesses. The final challenge was to provide functionality in a make-to-order scenario for which the

release of SAP (3.1H in order to be consistent across the two companies) could not provide.

Not a small task by any means. First, the list of processes to be integrated was quite extensive: customer service, raw materials exchange, consolidated financial reporting, and supplier visits. Second, Elastochem required a very flexible and highly customized system to support their special quotation and recipes development process. Finally, Elastochem had just completed the implementation of a homegrown ERP system. Because of the need of integrating this organization's IT structure with Rhein Chemie (and eventually with RCC's parent company, Bayer, in Germany) employees had to give up their newly developed system and embark in a brand new implementation. Due to this ICM consultants and RCC employees faced considerable resistance.

ICM consultants responded to the challenge by working to change reluctant attitudes to a 'how we can do it better' attitude: Before you can address process, you have to have to address people issues. "Some of our approaches included: promoting intensive interaction and exchange of experience with SAP between the existing and new RCC employee; emphasizing that not everything

need to be changed at once; and retaining what was really important to Elastochem employees and then integrating or interfacing these attributes into SAP Solution.

Weber added:

"When we discussed the advantages of the new integrated system, and harmonized business processes, we emphasized the importance of *showing one face to the customer*. We used trusted souls from within Elastochem in key roles and empowered them to actively form their future business system."

While implementing SAP, ICM America worked on the development of a new add-on system and its interface. This way we were able to provide for the additional functionality that standard SAP could not offer. Finally they reworked all the conflicting processes that were compromising a full integration of the company. Still, many of the functionalities inherent in Elastochem's proprietary system were retained, but improved for overall ease of use. "We're able to quote the special recipes in a much more streamlined fashion," Weber said.

At the end of this implementation



a brand new company was born, a company that could build as one, report as one and maybe most of all 'think' as one.

Always on a path to Continuous Business Improvement

An year after, RC upgraded their SAP Business Platform. A critical component of this project was ICM's application of Continuous Business Improvement, a tool-based analysis of a productive SAP Solution.

CBI theory states that the lifecycle of an ERP system does not come to an end after it has been implemented. CBI pinpoints potential trouble spots, redundancies and under or over-utilizations in business processes and system configuration. Collected data is then used to map out improvements and then, if necessary, reconfigure business processes. It's a process of fine-tuning that helps companies maximize return on their Technology Investments.

What did ICM and RC learn as a result? "We discovered a lot of processes no one ever used – such as reports that they had urgently requested but hardly ever used because they learned to efficiently use standard SAP reports. We were able to trim our consultant costs significantly, and really identify trouble spots,"

Weber said. RC is presently undergoing its second CBI project and, according to Weber, "it's something we will continually revisit in order to make sure our investment in SAP Business Application Platform is working for us."

The present day

Weber expects the greatest challenges to encompass the data conversion and ironing out systems duplication. "Conflicts are expected (such as document number duplications) that need to be resolved and converted.

During the decision making process three options were presented to RC. Option one was the 'Neighborhood' concept, entailing moving the system physically to Mannheim without merging into one system. Option two was basically the concept of "living in the same house" moving into the same technical system landscape but running two separate instances or clients. Option three is "marriage" which is the ultimate solution offering the highest level of integration and harmonization with all its pros and cons. RC made the decision for the marriage concept based on their requirements.

Evaluating the relationship after several years and multiple projects, Weber says:

"ICM Americas's expertise in the chemical industry is excellent and they provide a high level of assistance to our employees.

They believe in empowering our organization and opening our eyes to the many possibilities technology holds, not encumbering us with restrictive consulting contracts."

ICM delivers SAP Consulting Solutions that integrate Business Processes and Technology Solutions across the value chain to make businesses more flexible, more efficient, and better able to adapt to change in order to stay one step ahead of the competition.

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