

CASE STUDY

DowBrands

Integrated ERP Systems Give DowBrands an Edge Over the Competition

Challenge

DowBrands (now part of SC Johnson) needed to streamline its supply chain costs while ensuring adequate production and inventory levels to meet the demands of its largest customers, such as Wal-Mart®.

Solution

Invested in an Enterprise Resource Planning (ERP) system to provide an integrated solution to simplify operations, lower costs and provide critical information to help the company meet and beat competitor challenges.

Benefits

DowBrands improved its ability to deliver products at reduced costs to its retailers and wholesalers, while achieving these objectives:

- All data is consolidated in one system to speed decision making and eliminate duplicate entries
- Inventory visibility reduces costs and improves order fulfillment
- Simplified ERP system reduces operating costs
- Better management of promotions and deals
- Reengineered customer service enhances customer relationships

“From the very beginning, Clarkston consultants were an integral part of the DowBrands SAP effort. They worked as a real team with our IS staff and business community, enthusiastically bringing a sense of ownership over the outcome that goes beyond what is found elsewhere in the industry.”

Gene Holtz, Director of Global Business Systems, SC Johnson

Challenge

DowBrands (now part of SC Johnson) manufactured and marketed consumer packaged goods to large retailers and wholesalers.

As competition increased in the consumer market and new products were introduced to compete with established brands, DowBrands was under pressure to streamline its supply chain to manage costs while ensuring adequate production and inventory levels. With more than 10 independent legacy systems, the company struggled to:

- Forecast product demand in order to build the appropriate mix of inventory and meet the just-in-time delivery requirements of its largest customers, such as Wal-Mart®.
- Track costs back to orders to accurately price products.
- Analyze the return on special promotions and deals to determine which programs to continue.
- Provide the level of service that customers were demanding, including improved electronic order processing, order status updates and customized shipping requirements.

Tracking inventory was especially complex because of the packaging requirements. The company created special seasonal packaging that had to be shipped to customers within a set time period. Managing specific product inventory to such tight time windows was an extremely difficult and often manually intensive task for the company.

DowBrands needed an Enterprise Resource Planning (ERP) system that would provide an integrated solution to simplify operations, lower costs and provide critical information to help the company meet and beat its competitors' challenges.

Solution

Based on Clarkston Consulting's successful collaboration with DowBrands' parent company, DowBrands chose Clarkston to help convert its legacy systems to SAP®.

Clarkston's mission was to:

- Document user requirements
- Reengineer business processes

- Implement core SAP modules
- Implement the consumer packaged goods enhancements developed by SAP to meet the special needs of this industry
- Convert legacy data to the new system
- Train users and support staff
- Support the system after conversion

Clarkston worked with DowBrands to reengineer existing processes to conform to SAP standards wherever possible, which eliminated the need for custom applications that would be expensive to build and maintain.

Clarkston also had a role in the development of SAP's consumer packaged goods functionality. SAP worked with a consortium of consumer goods manufacturers, including DowBrands, to build this functionality specifically for the industry. Clarkston acted as a facilitator and liaison to help DowBrands identify its requirements and then to ensure that the SAP enhancements addressed the company's needs. DowBrands, with Clarkston's help, was one of the first companies to implement these enhancements.

Benefits

The conversion from legacy systems to SAP went smoothly with no disruption to the business. Implementing SAP enabled DowBrands to make better real-time product supply decisions and provide the customer service necessary to compete in this dynamic industry. Bottom line, DowBrands improved its ability to deliver products at reduced costs to its retailers and wholesalers.

DowBrands achieved five major objectives in implementing SAP as an enterprise-wide solution:

- **All data—manufacturing, orders, financial—and reporting consolidated in one system speeds up decisions and eliminates duplicate entry.** Management has the capability to make decisions on sales, manufacturing and distribution and to “drill down” to understand underlying trends.
- **Inventory visibility reduces costs and improves order fulfillment.** Increased visibility means orders can be matched with existing inventory at other sites, instead of producing more product.
- **Simplified ERP system reduces operating cost.** Eliminating more than 10 legacy systems and sim-

plifying the ERP architecture resulted in lower utility costs and a reduction in the need for IS support.

- **Better management of promotions and deals.** With improved reporting and online inquiry, DowBrands was capable of determining promotion effectiveness and profitability.
- **Reengineered customer service enhances customer relationships.** The systems conversion greatly improved the company's EDI (Electronic Data Interchange) capabilities to receive and process orders electronically, allowing customer service representatives to provide instantaneous answers to customers regarding order status.

Especially noteworthy:

- Clarkston implemented functionality to allow DowBrands to track inventory to the packaging level. When an order is processed via EDI, the system automatically picks the correct seasonal/promotional packaging. If an order is taken manually, the system helps the rep find the appropriate inventory.
- Clarkston acted as DowBrands' primary consulting partner over a period of six years until the company was sold to SCJohnson.

- Senior management asked Clarkston to help with the divestiture transition planning. Clarkston assessed the IS environment, created due diligence materials, developed transition plans for several potential divestiture scenarios, researched the leading ERP vendors and prepared a cost-benefit analysis of migrating to a newer release of SAP.
- Clarkston's goal was to prepare the management team to make better-informed decisions during the divestiture process by understanding the true costs required for a transition of DowBrands to new ownership.

Company Profile

DowBrands manufactured household consumer goods products, including Ziploc® Brand plastic bags, Dow Bathroom Cleaner with Scrubbing Bubbles® and Saran™ Brand plastic wrap. The company marketed its products to wholesalers, supermarkets, specialty stores and superstores. SC Johnson purchased DowBrands in January 1998.

Clarkston Consulting is a leading management and technology consulting firm that provides strategic business solutions for clients within the life sciences and consumer products industries worldwide. These market leaders turn to Clarkston to help them bridge the gap between strategy and execution to sustain a competitive advantage. Clarkston is a sought-after business partner because of its recognized industry thought-leadership and superior client relationships, as measured by The Conference Board's survey on client satisfaction. For more information, visit www.clarkstonconsulting.com.